



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT OF CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.  
PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE (THE "CODE" OR "SRC")

1. For the fiscal year ended: **31 December 2025**
2. Name of registrant as specified in its charter: **CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. (the "Company" or "CLIHC")**
3. Country of Incorporation: **REPUBLIC OF THE PHILIPPINES**
4. SEC Identification Number: **CS201619734**
5. BIR Tax Identification Code: **009-393-167-000**
6. Industry Classification Code:  (SEC Use Only)
7. Address of principal office: **Stella Hizon Reyes Road, Bo. Pampanga  
Davao City 8000**
8. Registrant's telephone number: **(082)224-5373**
9. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the SRC:

<u>Title of Each Class</u>	<u>Par Value</u>	<u>Number of Shares</u>
<b>Common Shares</b>	<b>₱ 1.00</b>	<b>1,899,768,615</b>

10. Are any or all of Company's securities listed on a Stock Exchange?

Yes  No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:  
**Philippine Stock Exchange – Common Shares**

11. Check whether the issuer:

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

Yes  No

2. Has been subject to such filing requirements for the past ninety (90) days.

Yes  No

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## **PART I – BUSINESS AND GENERAL INFORMATION**

### **I. Business Overview**

#### **Item 1. Historical Background**

Chelsea Logistics and Infrastructure Holdings Corp. (CLIHC) is a corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) as ‘Chelsea Shipping Group Corp.’ on August 26, 2016 primarily to act as a holding company.

On November 24, 2016, the Company acquired all of the outstanding shares of Chelsea Shipping Corp. (CSC) from P-H-O-E-N-I-X Petroleum Philippines, Inc. (PPPI), a related party under common ownership, for a total consideration of ₱2.0 Billion.

On December 12, 2016, the Company acquired 100% ownership interest in Trans-Asia Shipping Lines, Incorporated for a total consideration of ₱216.3 Million.

On December 21, 2016, the Securities and Exchange Commission approved the application of the Company to amend its corporate name from “Chelsea Shipping Group Corp.” to “Chelsea Logistics Corp.” and on June 27, 2017 the change from “Chelsea Logistics Corp.” to “Chelsea Logistics Holdings Corp.”, and on 7 May 2019 the change from “Chelsea Logistics Holdings Corp.” to “Chelsea Logistics and Infrastructure Holdings Corp.”.

On August 8, 2017, the Company went public and its shares of stock were initially listed at the Philippine Stock Exchange (PSE).

On November 8, 2017, the Company acquired Worklink Services, Inc., a one-stop integrated logistics solutions provider. Subsequently, on November 9, 2017, the Company acquired Starlite Ferries, Inc., a roll-on, roll-off and passenger ship operator based in Batangas.

On October 9, 2019, the Company acquired The SuperCat Fast Ferry Corporation, a shipping company engaged in the operations of fast crafts in Cebu, Batangas, Ormoc, Bacolod, Iloilo and Tagbilaran.

#### **Item 2. Business of the Issuer**

##### **Description of Registrant**

##### **Principal Products and Services**

CLIHC’s core businesses, through its wholly-owned subsidiaries, are divided into: (i) Tankering, (ii) Passage, (iii) Freight, (iv) Tugboat services, and (v) Logistics Services.

##### **Chelsea Shipping Corp.**

Chelsea Shipping Corp. (CSC), incorporated on July 17, 2006, is engaged in maritime trade in the conveyance or carriage of petroleum products, goods, wares, and merchandise of every kind and description, including but not limited to general cargo handling, loading, transporting, discharging and storing, over oceans, seas, lakes, rivers, canals, bays, harbors, and other waterways.

CSC’s wholly-owned subsidiaries are engaged in the following businesses:

- a. PNX-Chelsea Shipping Corp. (PNX-Chelsea), incorporated on February 2, 2011, operates vessels for

domestic trade for conveyance or carriage of petroleum products, goods, wares, and merchandise of every kind and description, to charter in and charter out any such vessels and to provide complete maritime services.

- b. Fortis Tugs Corporation (FTC), incorporated on April 8, 2013, is engaged in the towage and salvage of marine vessels and other crafts, including cargoes upon seas, lakes, rivers, bays, harbors, and other waterways between the various ports of the Philippines. DGMSI, a wholly-owned subsidiary of FTC, operates, conducts, and provides tug and other marine services to all vessels, foreign or coastwise, that dock and undock in the District Port of Davao and all other ports in the Philippines.
- c. Michael Inc. (MI), incorporated on December 26, 1957, is engaged in the charter, hire, or otherwise acquire LCTs, ships, barges, or vessels, together with equipment and furniture thereof.
- d. Bunkers Manila Incorporated (BMI), incorporated on March 7, 2000, is engaged in operating inter-island vessels for domestic trade, to charter in and charter out any such vessels, and to provide complete marine services as principal or agent to ship owners, ship operators, and managers, and to any person, association, firm or corporation engaged in domestic marine and maritime business.
- e. Chelsea Ship Management & Marine Services Corp. (CSMMSC), incorporated on March 30, 2012, is engaged in ship management and is authorized to act as agent, broker, ship chandler or representative of foreign/ domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels belonging to or which are or may be leased or operated by said shipping corporations and individuals.
- f. Chelsea Marine Manpower Resources, Inc. (CMMRI), incorporated on June 9, 2016, is engaged in providing full and partial crewing for domestic and foreign vessels and is authorized to act as authorized representative and crew manager of shipping companies and to provide allied maritime services for said vessels and companies.
- g. Chelsea Dockyard Corp. (CDC), incorporated on January 8, 2018, is engaged in the general business of building and repairing ships, boats, and other kinds of vessels, as well as in shipbreaking activities.
- h. CD Ship Management & Marine Services Corp. (CDSMMSC), incorporated on March 14, 2018 and is engaged to carry on the business of ship management and to act as agent, broker, ship chandler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels belonging to or which are or may be leased or operated by said shipping corporations and individuals and for such purpose, to act as principal in and hire the services of a local manning agent for the overseas employment for seamen, and to equip any and all kinds of ships, barges and vessels of every class and description owned by any shipping corporation.

#### **Trans-Asia Shipping Lines, Incorporated**

Trans-Asia Shipping Lines, Incorporated (Trans-Asia), incorporated on March 25, 1974, transports passengers and cargo within Philippine territorial waters and/or on the high seas.

Trans-Asia's wholly-owned subsidiaries are engaged in the following businesses:

- a. Oceanstar Shipping Corporation (OSC), incorporated on July 6, 2006, is engaged in the hire, charter, purchase or otherwise acquires vessels, barges, tugboats, lighters or other vessels of any class or regular services of vessels, barges, tugboats, lighters, or other vessels to enter into contract for the carriage and shipment in bulk or otherwise, and to conduct the business of general lighterage, towing ship chandling, shipbrokers, freight contractors, barge and lighter owners and operators, forwarding agents, and general cargo handling operations of any all kinds of cargo.
- b. Starsy Shoppe, Inc. (SSI), incorporated on March 31, 2005, is engaged in the purchase of all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation for purposes of selling the same on retail or wholesale, either local and/or through importation.
- c. Dynamic Cuisine Inc. (DCI), incorporated on June 21, 2000, is engaged in maintaining restaurants, coffee shops, refreshment parlors, cocktail lounges, and cooks, arranges, serves and caters goods,

- drinks, refreshments and other food or commodities commonly served in such establishments.
- d. Quality Metal & Shipworks, Inc. (QMSI), incorporated on November 28, 2007, is engaged in providing machining and mechanical works on ship machineries and industrial plants.
  - e. Star Maritima Port and Allied Services, Inc. (SMPASI), incorporated on October 11, 2018, is engaged primarily in providing arrastre services.
  - f. Big Hub Transport and Logistics Corp. (Big Hub), incorporated on November 14, 2018, is engaged in the business of transporting persons and/or their baggage, cargo, goods, merchandise or effects by land and owning, leasing or chartering, offering for lease or chartering or operating land vehicles such as, but not limited to, buses, cars, jeeps or vans.

#### **TASLI Services Incorporated**

TASLI Services Incorporated was incorporated on September 10, 2019, and is engaged in the business of shipping agency and maritime operations and services. TASLI Services handles the operations of cargo vessels that operate from Manila with routes to Cebu, Davao, and back.

#### **Worklink Services, Inc.**

Worklink Services, Inc. (WSI), established in February 1999, provides domestic logistics solutions for various local industries. WSI's services are the following:

- a. Courier – Document (via Air/Land) and Non-document (via Air/Land/Sea)
- b. Trucking – Rental and hauling
- c. Warehousing – warehouse rental, inventory management, pick and pack, online shipping
- d. Special Projects – Account Management such as event management, manpower, in-store or trade merchandising/design set-up; and Drop Box Management such as audit and encoding

#### **Starlite Ferries, Inc.**

Starlite Ferries, Inc. (SFI), incorporated on 26 August 1994, is engaged in the general business of domestic shipping, owning and operating any class, type, or description for domestic trade and chartering in and out of any such vessels. SFI is one of the dominant shipping companies in the Batangas—Calapan and Roxas—Caticlan trade routes.

SFI's wholly-owned subsidiaries are engaged in the following business:

- a. Starbites Food Services Corp. (SFSC), incorporated on 27 June 2018 and which was established to purchase all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation, for purposes of selling the same on retail or wholesale locally.
- b. Southwest Gallant Ferries, Inc. (SGFI) and Southwest Premiere Ferries, Inc. (SPFI)'s outstanding shares of stock were acquired by SFI on August 10, 2018 and October 22, 2018, respectively. Both companies are primarily engaged in the general business of domestic shipping: to own and operate vessels of any class, type, or description for domestic trade; to charter in and out any vessel. Southwest Gallant Ferries, Inc. has been re-named Starlite Gallant Ferries, Inc., and Southwest Premiere Ferries, Inc. has been re-named Starlite Premiere Ferries, Inc.
- c. Precision Supply Chain Solution, Inc. (PSCSI), incorporated on 28 December 2023, is engaged in the business of providing complete foreign and domestic end-to-end logistics, and distribution services for any and all kinds of goods including last-mile delivery through the use of available motor vehicles and vessels, aircraft, and to operate the necessary warehouses in connection with said logistics and distribution services.
- d. Chelsea Business Solutions Corp. (CBS), incorporated on 2 November 2024, is engaged in the business of operating a one-stop shop providing travel products and services for domestic and international travels including transportation arrangements, accommodations and travel packages.

### The SuperCat Fast Ferry Corporation

The SuperCat Fast Ferry Corporation, incorporated on 20 June 2001, is a passenger transport company that operates 8 fastcrafts on the routes Cebu—Ormoc, Cebu- Tagbilaran, Batangas—Calapan, and Bacolod- Iloilo.

### Item 3. Subsidiaries

The following is the list of the Company’s subsidiaries/affiliates as of December 31, 2025:

Company	Place of Incorporation	Principal Activities	Date of Incorporation	Ownership (%)
Chelsea Shipping Corp.	Philippines	Petroleum hauling	17 July 2006	100%
PNX-Chelsea Shipping Corp. <sup>1</sup>	Philippines	Petroleum hauling	2 February 2011	100%
Fortis Tugs Corporation <sup>1</sup>	Philippines	Towage, salvage of marine vessels	8 April 2013	100%
Davao Gulf Marine Services Inc. <sup>2</sup>	Philippines	Towage, salvage of marine vessels	18 January 2012	100%
Michael, Inc. <sup>1</sup>	Philippines	Cargo transport	26 December 1957	100%
Bunkers Manila Incorporated <sup>1</sup>	Philippines	Inter-island vessels for domestic trade	7 March 2000	100%
Chelsea Ship Management & Marine Services Corp. <sup>1</sup>	Philippines	Ship management services	30 March 2012	100%
Chelsea Marine Manpower Resources, Inc. <sup>1</sup>	Philippines	Crewing	9 June 2016	100%
Chelsea Dockyard Corp. <sup>1</sup>	Philippines	Ship repairs and maintenance	8 January 2018	100%
CD Ship Management and Marine Services Corp. <sup>1</sup>	Philippines	Ship management services	14 March 2018	100%
Trans-Asia Shipping Lines, Incorporated	Philippines	Cargo/passengers inter-island transport	25 March 1974	100%
Oceanstar Shipping Corporation <sup>3</sup>	Philippines	Towing services	6 July 2006	100%
Starsy Shoppe, Inc. <sup>3</sup>	Philippines	Gift shop & convenience store	31 March 2005	100%
Dynamic Cuisine, Inc. <sup>3</sup>	Philippines	On-board restaurant	21 June 2000	100%
Quality Metal & Shipworks, Inc. <sup>3</sup>	Philippines	Ship repairs and maintenance	28 November 2007	100%
Star Maritima Port and Allied Services, Inc. <sup>3</sup>	Philippines	Arrastre services	11 October 2018	100%
Big Hub Transport and Logistics Corp.	Philippines	Trucking services	14 November 2018	100%
Worklink Services, Inc.	Philippines	Logistics and forwarding	2 June 1994	100%
Starlite Ferries, Inc.	Philippines	Cargo/passengers inter-island transport	25 August 1994	100%
Starbites Food Services Corp. <sup>4</sup>	Philippines	On-board restaurant	27 June 2018	100%
Starlite Gallant Ferries, Inc. <sup>4</sup>	Philippines	Cargo/passengers	16 March 2017	100%

Company	Place of Incorporation	Principal Activities	Date of Incorporation	Ownership (%)
		inter-island transport		
Starlite Premiere Ferries, Inc. <sup>4</sup>	Philippines	Cargo/passengers inter-island transport	26 July 2016	100%
Precision Supply Chain Solution, Inc. <sup>4</sup>	Philippines	Logistics and distribution services	28 December 2023	100%
Chelsea Business Solutions Corp. <sup>4</sup>	Philippine	One-Stop Shop for Travel Services	2 November 2024	100%
The SuperCat Fast Ferry Corporation	Philippines	Inter-island transport	20 June 2001	100%
TASLI Services Incorporated	Philippines	Shipping agency business; maritime operations / services	10 September 2019	100%
Udena Investments BV	The Netherlands	Holding Company	25 August 1994	100%
KGLI – NM Holdings, Inc.* subsidiary of Udena Investments BV	Philippines	Holding Company	8 August 2008	100%

<sup>1</sup>Wholly-owned subsidiary of Chelsea Shipping

<sup>3</sup>Wholly-owned subsidiary of Trans-Asia

<sup>2</sup>Wholly-owned subsidiary of Fortis Tugs

<sup>4</sup>Wholly-owned subsidiary of Starlite Ferries, Inc.

#### Item 4. Significant Philippine Associates and Affiliates

Company	Place of Incorporation	Principal Activities	Date of Incorporation	Relationship
Udena Corporation	Philippines	Holding Company	19 March 2002	Parent of Chelsea Logistics and Infrastructure Holdings Corp.
Phoenix Petroleum Philippines, Inc.	Philippines	Petroleum	8 May 2002	18.53% owned by Udena Corporation
PH Resorts Group Holdings, Inc.	Philippines	Tourism and gaming	30 January 2009	49.50% owned by Udena Corporation
Dito CME Holdings Corp.	Philippines	Holding Company	1 March 1925	5.78% owned by Udena Corporation

#### Item 5. Competition

##### Shipping and Logistics Industry in the Philippines

The shipping and logistics sectors play significant roles in the Philippine economic growth and development. As an archipelagic country, the Philippines consists of approximately 7,641 islands with a total coastline of 36,289 kilometers. Due to the nature of the country's geographic landscape, sea transport is still the overall most efficient and effective way to transport major goods, especially commodities, in domestic and international trade. <sup>1</sup>It is also an efficient way to transport passengers

throughout the islands.

According to the Philippine Statistics Authority (in 'Highlights of the Domestic Trade Statistics in the Philippines 2025, Preliminary), the total quantity of domestic trade in 2025 was recorded at 60.19 million tons, with most commodities traded by water (53.0%), followed by road (47.0%), and air (0.04%). In 2025, the volume of commodities traded by water was recorded at 31.89 million tons, which is an annual increase of 6.4% from the 29.96 million tons recorded volume of commodities traded by water in the previous year. For 2024, the combined passenger numbers for the Philippine Port Authority (PPA) and the Cebu Port Authority (CPA) reached 98.39 million, marking a 6.49% increase compared to 2023, while combined cargo was 361.31 million metric tons an increase of 6.28% compared to the previous year, and container cargo was 1.773 million TEUs for a 7.45% increase over the previous year.

The logistics sector is also seen to a grow in support to the booming ecommerce and properties sectors. It is expected to be supported by the government's Build Build Build projects and the easing of regulations for doing business in the country.

### **A. Freight**

The Company's Freight business is supported by its subsidiaries operating nationwide: Chelsea Shipping, Trans-Asia Shipping Lines and Starlite Ferries handle shipping of cargoes, while Worklink Services provides end-to-end logistics solutions through its 45 delivery trucks and 10,556 sq.m. of warehousing capacity.

The major competitors in the Freight sector are:

- |  |                                   |
|--|-----------------------------------|
| 1. Philippine Span Asia Carrier Corp.            | 7. Seaford Shipping lines         |
| 2. Moreta Shipping Lines, Inc.                   | 8. Fortune Sea Carrier Inc.       |
| 3. Lorenzo Shipping Corporation                  | 9. Solid Shipping                 |
| 4. IRIS Lines                                    | 10. Carlos A. Gothong Lines       |
| 5. Meridian Shipping and Container Carrier, Inc. | 11. Ocean Transport Inc.          |
| 6. Oceanic Container Lines Inc.                  | 12. CMA CGM Phils. Shipping Corp. |
| 7. Kargamine Too Inc.                            | 13. MCC Transport Phils.          |

As of March 2026, there are 2,067 cargo vessels registered with the Maritime Industry Authority (MARINA).

### **B. Tankers**

The transport of petroleum products is one of the essential businesses that propel the growth of the Philippine economy. There are approximately 7,641 islands in the country, of which more than half are inhabited. The populace needs fuel for transportation, electrical power, farming and other activities. It is the oil tankers and trucks which make sure that fuel is transported to places in our country where and when it is needed.

As of March 2026, the MARINA has on record 141 registered oil tankers in the country.

Below are the major competitors of CLIHC on the tanker business:

1. Magsaysay Tankers Group
-

2. SMC Shipping & Lighterage Corporation
3. Herma Shipping Group
4. Shogun Ships Co.
5. Swordfish Marine Corp./ Animo Marine Corp.

### **C. Tugboats**

Tugboats are small, powerful boats that are used to maneuver vessels of larger size by pushing/ pulling and towing them. Tugboats are widely utilized and useful especially in narrow & difficult waterways and crowded ports. Tug boats are designed with a wide range of mobility with their special propulsion system and steering structures which are used for docking & undocking and towing activities, as well as for rescue and oil spill drills. Without tugboats, entry and exit of vessels from ports would be markedly less efficient and vessels would experience faster wear and tear.

According to the March 2026 records of the MARINA, there are 1,585 registered tugboats and dredgers/barges in the Philippines. Majority of the smaller GRT tugboats hold a Bay & River trading license from the MARINA while bigger vessels hold a Coastwise license.

CLIHC competitors in providing tugboat services include:

1. Harbor Star Shipping Services, Inc.
2. Malayan Towage and Salvage Corporation
3. Sedar Tug Services Corp.
4. Malayan Maritime Services, Inc.
5. North Harbor Tugs Corp.

### **D. Roll-on-Roll-off Passenger Ship/Ferry**

Roll-On-Roll-Off-Passenger-ship/ferry (RoPax) refers to vessels that can accommodate passengers along with freight vehicle transport. Given the archipelagic nature of the country, RoPax vessels are vital in transporting people and goods across the different islands. Given their accessibility and capability of ferrying large amounts of goods and manpower, passenger and freight vessels are an integral part of the logistical backbone of the Philippines.

As of March 2026, there are 4,138 passenger vessels registered with the MARINA.

CLIHC's main competitors in RoPax segment include:

1. Cokaliong Shipping Lines, Inc.
2. 2Go Group Inc.
3. Lite Shipping Corporation
4. Kho Shipping Lines Inc.
5. Archipelago Philippine Ferries

### **E. Fast Craft Business**

Fast crafts are high-speed catamarans which ferry passengers on short routes between islands.

CLIHC's main competitors in the fast craft business are:

1. OceanJet Fast Ferries Inc. (Operator of Oceanjet Fast Crafts)
2. VS Grand Ferries Corporation (Operator of SeaCat Ferries)

## **Item 6. Costs and Effect of Compliance with Environmental Laws**

The Company incurred ₱19,789,620 and ₱18,709,004.08 in 2025 and 2024, respectively, for costs relating to compliance with environmental laws as required by the MARINA. This pertains to daily waste management expenses.

## **Item 7. Employees and Agreements of Labor Contracts, Including Duration**

As of December 31, 2025, the Company has a total of 2,728 employees, 1,198 of which are crewmen and are stationed at various ports of operation, while the other 1,530 employees are office personnel or are members of support services.

Crewmen consist of captains, engineers, mechanics, divers, and able-bodied personnel. On the other hand, office personnel are comprised of the sales and marketing group, accounting and finance professionals, administrative services employees and the operations department.

A bachelor's degree in a relevant field is required of each one of the Company's directly-hired employees. For deck and engine crew, a MARINA-issued Qualification Document Certification is also mandated by the Company prior to employment.

Benefits received by employees include government-mandated benefits (Social Security System, Pag-ibig, and PhilHealth), rice subsidies, vacation leave of 15 days per year, health plans, and retirement pay. The Company supports employee development thru the conduct of in-house seminars, drills and training. Employees are enrolled in various technical, professional, management and leadership training, here and abroad. One of CLIHC's subsidiaries, Trans-Asia Shipping, has two (2) existing labor unions, one for its supervisors and one for its rank and file employees. Both unions have existing collective bargaining agreements ("CBA") valid from August 11, 2017 to August 10, 2022. On July 8, 2022, the separate CBAs for both unions were accordingly renewed effective August 11, 2022 and valid until August 10, 2027. The relationship with the unions has been generally harmonious and there has been no incidence of labor strikes in the past twenty three (23) years, up to the present. There is also no impending or threatened labor strike.

## **Item 8. Corporate Social Responsibility**

Chelsea Logistics and Infrastructure Holdings Corp. and its Subsidiaries (CLIHC Group) are driven to deliver exceptional performance by promoting innovative and integrated shipping and logistics services and diligent stewardship of their resources. The CLIHC Group continues to strengthen its partnerships with the local communities to achieve tangible and sustainable Corporate Social Responsibilities (CSR) Program Plans, thereby maximizing favorable impact on the society and environment.

The CLIHC Group is one with the country and the global community in the promotion and realization of sustainable development goals with priority on quality education, climate action, gender equality, and inclusive partnerships.

### **Building Pillars Toward Sustainability**

At the heart of everything that the CLIHC Group does is the genuine commitment to manage its businesses responsibly, by adhering to the highest ethical and professional standards for the people, the country, and the environment, and to give back to the communities where the Group operates.

CLIHC through its Subsidiaries, recognizes its important role in helping build a sustainable nation. Our motivation is simple: a better world. We believe that every positive action, no matter how small, can lead to a big improvement for the planet and its people.

Our directive is to be one with the country and the global community in promoting and realizing global sustainable development goals through transformation of our people and processes.

### **Reducing our Carbon Footprint**

The CLIHC Group is committed to maintaining its position as a leader in the industry and it understands its great responsibility to the environment and its stakeholders. Thus, the CLIHC Group has entered into strategic partnerships with leading Japan-based shipbuilders, namely Kegoya Dock Co., Ltd. and Fukuoka Shipbuilding Co., Ltd., and ship owner Kumiai Senpaku Co., Ltd. for the construction of brand-new vessels. Through this, the Group has strengthened its extensive fleet modernization program, introducing brand new and high-efficiency vessels specially made for the Philippine waters.

CLIHC has also taken steps to reduce the environmental footprint of its operations from services to transactions, such as reducing the volume of generated waste and increasing the percentage of recycled waste. It consciously observes more efficient operations and employs technologies which allow faster turnaround times and increased port capacity; and better designed engines and systems.

CLIHC has adopted 'green purchasing' as part of its Environmental Management system to purchase goods and services that cause less harm to environment.

CLIHC also prioritizes safety in its operations. The Philippine Maritime Industry Authority (MARINA) has issued the Document of Compliance (DOC) to Chelsea Ship Management & Marine Services Corp., CD Ship Management and Marine Services Corp., Starlite Ferries, Inc., and The SuperCat Fast Ferry Corporation – evidence that their Safety Management System and Company Processes (Safety Operation and Pollution Prevention) are compliant with the requirements of International Safety Management Code (ISM Code).

Further, the CLIHC Group partnered with the City Environment and Natural Resources Office – Department of Environment and Natural Resources (CENRO-DENR) and other local government units to advocate reforestation in the areas where it operates.

To complement its key environmental initiatives, the CLIHC Group also encourages all its employees to segregate office waste, to monitor their paper usage, and to think of ways of reducing their environment impact in all areas of business and personal life.

### **Investing in Our People**

What sets us apart is our people. CLIHC ensures that all operational personnel are competent and skilled in safe procedures and are aware of potential hazards and how to avoid them.

Logistics is a highly technical and professional industry that requires a great deal of skill and knowledge. Thus, the CLIHC Group believes that the impact of training and education is greater than ever before. In order to enhance the individual competence and skills of its workforce, CLIHC continuously provides Company trainings, certifications and seminars even beyond the standard requirements.

Moving forward, as the people element will be increasingly important as the industry moves toward higher standards of safety and sustainability, the Chelsea Group seeks to continuously do its part in investing in its workforce to achieve its vision and help realize sustainable development goals.

### **Giving Back to Society**

Guided by its corporate values of “*Malasakit*” and Teamwork, the CLIHC Group continued its implementation of programs in line with the United Nation’s Sustainable Development Goals (SDG). These programs are part of the Group’s aim to continuously support individuals, families, and communities especially in areas where it operates.

### **SUSTAINABLE DEVELOPMENT GOAL (SDG) 3 – GOOD HEALTH AND WELL-BEING**

#### **Strengthening Health and Hope in the Community**

Our commitment to employee well-being was highlighted by extending financial support to 16 employees who successfully completed Chelsea Active’s first ultramarathon, the grueling ‘Luneta-Tagaytay 60KM’ run, on November 15-16, 2025. This achievement was a true demonstration of resilience and dedication to physical health. Additionally, Trans-Asia organized its second Feeding Program on July 27 at The Children of Cebu Foundation, Inc., helping 26 children, furthering our community health initiatives.

### **SDG 4 – QUALITY EDUCATION**

#### **Strengthening Tomorrow's Leaders Through Education**

In 2025, Trans-Asia continued to champion an ecosystem where education serves as the bedrock for empowerment and community resilience.

Our efforts to foster quality education began by addressing the critical need for resources. We extended our reach to the country’s most remote areas with a dedicated school donation program for the Sinapawan Cultural Minority School on Sibuyan Island on June 27. By strategically investing in these underserved communities, the Chelsea Group actively ensures that geographical distance is never a barrier to learning.

Beyond foundational support, Trans-Asia is actively shaping the future of the maritime workforce through its impactful Onboard Steward OJT Program (O.S.O.P.). Through strategic partnerships with 73 schools, this program serves as a vital bridge between academic learning and professional excellence. This robust talent pipeline not only secures a sustainable supply of sea-ready hospitality professionals but, more importantly, equips students with the specialized skills necessary to thrive in a globally competitive industry.

### **SDG 8 – DECENT WORK AND ECONOMIC GROWTH**

#### **Strengthening the Vision of Equal Opportunities**

The Chelsea Group prioritized the creation of a secure and reliable work environment by strengthening its security infrastructure. The Google Data Loss Prevention (DLP) Project was actively deployed with a strategic target of achieving an 80% control rate, with full pilot deployment to the HR and IT Groups slated for the first quarter of 2026. Crucially, our dedication to a safer digital workplace was highlighted by the ongoing Security Awareness, Proficiency Assessment, and Phishing (SAPA & SCS) campaign, launched on February 3. This initiative successfully drove a notable 406% improvement in reducing

phishing simulation failure rates. Moving into 2026, the goal is to sustain this progress by conducting 12 monthly training sessions and twice-monthly phishing simulations, ensuring continuous workforce vigilance and safeguarding the group's economic assets.

## **SDG 9 - INDUSTRY INNOVATION AND INFRASTRUCTURE**

### **Strengthening Digital Adoption**

The Chelsea Group is committed to building resilient infrastructure and fostering innovation by integrating advanced technologies into its core operations. The Group's 2025 initiatives focused on the intersection of human intelligence and automated efficiency.

#### **1. Loyalty and Customer Engagement**

- **Chelsea Loyalty Ground Activation:** A Group-wide ground activation was held in April to translate the digital benefits of Chelsea Loyalty Rewards Program into tangible value for passengers, fostering a loyal community while providing the Group with proprietary data to better predict travel patterns and demand.
- **Launch of Chelsea Travel Flight Bookings:** In August, Starlite Ferries, through Chelsea Business Solutions, integrated flight bookings into the Chelsea Travel platform, providing customers with seamless multimodal transport options and reducing friction in their travel planning process.

#### **2. Strategic Tech Partnerships**

- **AWS and iCNeed Partnership (Amazon Connect Go-Live):** By becoming the first company in the Philippines to go live on both voice and messaging via Amazon Connect, Chelsea Logistics has set a new benchmark for the local industry. This omnichannel cloud contact center allows for a seamless transition between chat and voice calls, ensuring that customer concerns are resolved faster and with higher precision.
- **Barkota POS Simulation (UAT):** Moving toward a fully accredited, automated Point-of-Sale (POS) system via Barkota ensures fiscal integrity and transparency. This automation reduces human error in ticketing and point-of-sale transactions, streamlining the Chelsea Group's book-to-boarding process.

#### **3. AI & Executive Leadership**

- **Google Gemini Executive and Management Committee Workshop:** By engaging top-level Management in AI training, the Group reinforces its commitment to making digital transformation a top-down priority. The October workshop brought Chelsea leaders together to explore how Generative AI can enhance strategic decision-making and optimize resource allocation at the highest level.

#### **4. Workforce Upskilling & Innovation**

- **Google Wizards Relaunch and Gemini Workshops:** Continuous learning is the backbone of SDG 9. In October, the "Google Wizards" Program was relaunched across the Chelsea Group. Trained rigorously, these employees will act as internal ambassadors of efficiency, using AI to automate manual documentation and data analysis, which allows our workforce to focus on high-level problem-solving and strategic growth.

## **SDG 11: SUSTAINABLE CITIES AND COMMUNITIES**

### **Strengthening Community Safety and Security**

Focusing on safety and disaster response, the Chelsea Group conducted an Earthquake and Fire Drill on March 26 which integrated fire safety seminars. Following the recent earthquakes during the last

quarter of 2025, the Group helped Bogo earthquake victims in San Remigio, Cebu, distributing a total of 58 relief packs to affected families and employees.

Worklink Services also actively participated in disaster response and community support through the 'Bayanihan for Cebu & Davao: Rebuild, Restore, Rise.' initiative, contributing PhP 20,000 worth of donations. Furthermore, a separate Donation Drive for Zambales was organized, providing PhP 18,000 worth of donations, used clothes, and two boxes of noodles.

Chelsea Logistics, through Trans-Asia Shipping Lines and TASLI Services Incorporated, also launched the Help Cebu Donation Drive last October to help our fellow Filipinos in Cebu who have been severely affected by the onslaught of typhoon Tino and Super Typhoon Uwan, as well as the succeeding earthquakes. Trans-Asia offered free port-to-port shipping of relief cargoes from Manila North Harbor to Cebu Port contributing 5.5 cbm worth of donations.

### **SDG 14 - LIFE BELOW WATER AND SDG 15 – LIFE ON LAND**

#### **Strengthening Green Practices**

The Chelsea Group reaffirmed its commitment to environmental stewardship through two major planting activities. On March 29, the Group conducted its first Mangrove Tree Planting at Brgy. Cotcot, Liloan, Cebu. This was followed by a tree-planting activity on June 5 at Galugod Baboy, Mabini, Batangas, where Chelsea employees successfully planted 1,500 native trees and 500 cacao trees, contributing to a greener future and sustainable communities.

### **SDG 17 – PARTNERSHIPS FOR THE GOALS**

#### **Strengthening Sustainable Partnerships**

The Chelsea Group actively engaged in collaborative efforts, including the Udenna Group's blood donation drive (conducted twice a year in partnership with the Red Cross) which helped collect a total of 22 bags. Our Help CEBU Donation Drive, demonstrating the Group's belief in achieving goals through strong partnerships has also helped (total number of collected goods/monetary donation).

### **Item 9. Principal Competitive Strengths of the Company**

CLIHC believes that it benefits from the following competitive strengths:

- a. Most number of diversified vessels that suits customer needs
- b. Expanded shipping routes
- c. Integrated website and Mobile App for booking convenience

#### **Philippines shipping industry market leader by tanker capacity.**

Based on recent MARINA information, CLIHC has the largest tanker fleet by tonnage amongst the five (5) major tanker players in the industry with a total GRT of 60,133.00.

#### **Superior fleet quality and capacity complemented by nationwide maritime facilities and systems.**

The majority of Company's Vessels are registered under the IACS Classification Society which include Nippon Kaiji Kyokai (NKK), Lloyds Register (LR), Bureau Veritas (BV), American Bureau of Shipping (ABS), and Korean Register of Shipping (KRS). These recognized International Association of Classification Societies (or the 'IACS') are focused on the implementation of IMO rules and regulations starting from the constructions of a vessel (new buildings); periodical surveys during the annual and special

drydocking; conversions; and life extension of vessels. Having its vessels classed with these IACS, gives the Company the advantage when applying for a Certificate of Public Convenience (CPC) from the Maritime Industry Authority (MARINA). Other Company's vessels trading domestically are also surveyed /evaluated by Local Classification Societies such as Orient Register of Shipping (ORS), Ocean Register of Shipping, Filipino Vessels Classification System Association, Inc. (FVCSA) and the Philippine Register of Shipping (PRS). Furthermore, all of these Classifications Societies distinguishes the Company's Fleet as meeting operational and safety standards. Normally, customers prefer to deal with companies that have Classed vessels. The Company has an established preventive maintenance system and drydocking program for its vessel fleet to minimize the downtimes related to machinery breakdowns, engine overhauls and other types of repairs. During drydocking, the vessels undergo machinery evaluation and extensive repairs, deck repainting and hull refurbishment. The Company endeavors to pass the strict evaluation of Classification Societies and of the MARINA and ensure satisfaction of its clients by aligning their requirements with vessel specifications.

### **Robust product offering**

The Company's services provide robust and flexible end-to-end logistics solutions to our customers. From providing tanker services to tugboats assist; from regular cargo shipping to specialized delivery services, and up to warehousing. Catering to the retail market, our passage business has various routes options for travel nationwide. Our solid product line-up gives our customers the convenience and reliability most needed in transporting goods and passengers.

### **Seasoned Management Team of industry experts.**

Collectively, the Management Team of the Company includes the most experienced maritime professionals in the Philippine tanker, RoRo passenger and cargo industries. All of the Company's captains are duly licensed by MARINA. Apart from their experience with the Company, most of the senior officers have had professional experience with other maritime companies, domestic and international, in various capacities. The Company's senior and middle management regularly attend extensive professional and technical trainings to further upgrade skills and keep abreast of latest developments in the industry. This depth and breadth of experience shared by the senior Management merits the Company an advantage in its pursuit of business opportunities and providing quality services.

### **Strong acquisition track record.**

The Company is committed to delivering unrivalled shipping and logistics services and continuously pursues acquisition plans that are aligned with its vision of being the people's choice as the finest shipping and logistics Company.

The Company reported the following key strategic acquisitions:

- a. Acquisition of Trans-Asia Shipping Lines, Incorporated – December 2016
- b. Acquisition of Davao Gulf Marine Services Inc. – December 2016
- c. Substantial shareholdings in 2Go Group, Inc. – March 2017\*
- d. Acquisition of Worklink Services, Inc. – November 2017
- e. Acquisition of Starlite Ferries, Inc. – November 2017
- f. Acquisition of Starlite Gallant Ferries, Inc. – August 2018
- g. Acquisition of Starlite Premiere Ferries, Inc. – October 2018
- h. Acquisition of The SuperCat Fast Ferry Corporation – October 2019

\*sold in March 2021

## **Item 10. Key Strategies and Objectives**

CLIHC believes that the successful implementation of the following strategies will support its continued growth and profitability as it will increase the Company's market share and help it become the clear leader in the Philippine shipping and logistics industry.

### **Re-fleeting and continuous upgrade of vessels**

The Company plans to acquire new and optimal-sized RoPax vessels configured to the preference of cargo owners and passengers, respectively, to improve efficiency and profitability.

### **Expansion into new routes**

The Company capitalizes on first-mover advantage by expanding into areas in the Philippines which show superior growth. CLIHC constantly monitors the activity of various ports in the country, including key performance indicators such as ship calls and throughput. The Company also takes into consideration the expansion initiatives of each port and region to determine potential business opportunities. This monitoring process is integrated into the strategic deployment of its fleet.

Starlite Ferries operates a strategic network of more than 12 port links, focusing mainly on the Western Nautical Highway to connect Luzon, Visayas, and Northern Mindanao. Starlite Ferries' primary hub is the Batangas City Port, and its key routes are Batangas to Calapan (Oriental Mindoro); Batangas to Caticlan, Roxas (Mindoro) and various ports in Romblon (Odiongan, Sibuyan); and Cebu to Surigao, Nasipit (Agusan del Norte) and Dapitan (Zamboanga del Norte). In 2025, MARINA granted Starlite Ferries a Pioneering Status for its specialized multi-leg route: Roxas-Caticlan-Odiongan-Batangas-Romblon-Magdiwang-Culasi.

### **Development of facilities to support the Group's core business**

CLIHC is looking for opportunities to acquire (i) ports, (ii) port equipment and facilities, (iii) machineries, and (iv) shipyard, which would benefit the Company through reduction in costs of operations and enabling the Group to schedule the availability of the vessels after the regular maintenance period on a more reliable basis.

Similarly, the Company is developing support facilities for its core business, which facilities can be stand-alone businesses, separate from the core business, to wit:

- a. Skills training and education facility;
- b. Repair and maintenance and spare parts facility;
- c. Safety and security facility;
- d. Fuel, lubricants and laboratory facility; and
- e. Culinary and catering facility.

### **Expand regional operations**

In 2024, CLIHC continued its established operations with its regional operating vessels under long-term contracts. The Chelsea fleet has maintained steady engagements, and its vessels have performed their respective contractual obligations without any significant changes in operating conditions.

The medium-range tanker M/T Chelsea Providence is currently under a 4-year Time Charter Agreement. The current contract was extended in 2023 and will run through 2025. The charterer has

the option to extend the Charter Agreement for an additional period after 2025. M/T Great Princess is currently in the mid-term of its Bareboat charter Agreement which has a period of 5 years. The vessels M/T Denise II, M/T Chelsea Dominance and M/T Chelsea Cherylyn all have exclusive 10-year Bareboat Charter Agreements and operating regionally.

#### **Item 11. Risks Relating to the Company**

The following are the key risks factors which may affect the operations of the Company:

- *Maritime vessels are the Company's primary assets and, in the course of operation, are susceptible to maritime accidents.*

Due to the nature of the shipping industry, the risk of collision is real. Collisions may result in extensive damage to a vessel's hull, increasing its susceptibility to taking on water, which may result in the integrity of the vessel being compromised or even result in a complete loss of the vessel, environmental pollution, loss of life and damage to properties. Furthermore, when vessels are docked, they are secured to the harbor by use of the anchor, and a rope tied between the ship's stern and the berth. In times of strong winds and constant rain, these harnesses may break, thereby risking the safety of the ship.

To mitigate these risks, the Company ensures that its crew members have undergone the necessary orientation and training seminars on operations and safety. Furthermore, crewmen are required to complete quarterly safety training seminars, and yearly assessments to promote the progressive enhancements of their skills. The Company also conducts drills to ensure crew safety and minimize damage to property and the environment. For the drydock of its vessels, the Company utilizes shipyards with vast drydocking/repair experience and which observe internationally-accepted standards of safety.

- *The Company operates in a regulated industry and its business is affected by the development and application of regulations in the Philippines.*

Continued compliance with, and any changes in, environmental laws and regulations may adversely affect its results of operations and financial condition. The Company may fail to fulfill the terms of licenses, permits and other authorizations, or fail to renew them on expiration.

To address this risk, the Company ensures to diligently adhere with and closely monitor compliance with the terms of its licenses, permits and other authorizations. The Company likewise employs competent legal and operating personnel who regularly liaise with the various government agencies to ensure compliance by the Company with changes in environmental laws and regulations and monitor renewal of its licenses and permits.

- *The Company's vessels are mechanical and are susceptible to breakdowns.*

The Company's operations use mechanical vessels that are subject to regular mechanical wear and tear. The occurrence of mechanical failure can result in downtime and opportunity losses for the Company. To ensure that the Company's high service quality is maintained, the Company has a preventive maintenance system and drydocking program for its vessels. In the event of non-availability of its vessels, due to breakdown or other factors, the Company charters third party vessels to serve customer requirements.

- *The shipping industry is highly competitive.*

In order to maintain its market competitiveness, the Company must provide reliable and efficient service to its clients. The Company continues to improve its manpower complement by employing experienced and competent officers, and providing continuous training. The Company's clients prefer younger and well-maintained vessels and this necessitates significant capital expenditures by the Company on a regular basis. The Company has also formulated a re-fleeting plan and improved preventive maintenance system.

- *Volatility of fuel prices impacts the operations of the Company.*

Fuel is a key component of shipping operations. In cases of significant increases in fuel prices, the Company may not be able to automatically pass on to its clients the effects of these increases. Thus, the Company's gross margins may be adversely affected, reducing its profitability. To mitigate this risk, the Company maximizes its affiliation with P-H-O-E-N-I-X Petroleum Philippines, Inc. through access to information on movement of global petroleum prices.

- *Changes in legal and regulatory environment.*

The Company is engaged in the shipping transport business. As a result, the Company is required to hold a wide range of business permits and licenses. Compliance with these laws and regulations involve certain compliance costs, the failure of which can lead to the imposition of fines and sanctions, including the revocation of permits and licenses necessary for the conduct of the Company's business and activities. As these laws and regulations change from time to time, tougher regulations may be imposed in the future which may affect the conduct of the Company's business and operations.

Moreover, there can be no assurance that current laws and regulations applicable to the Company will not increase the costs of operating its vessels and facilities above currently projected levels or require future capital expenditures. Although the Company endeavors to maintain compliance with applicable laws and regulations the introduction or inconsistent application of, or changes in, the laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations. To address the foregoing risks, the Company, in conjunction with industry associations such as the Philippine Shipping Vessel Owners Association Inc. ("PHILSVOA") and Visayas Association of Ferry Boats and Coastwise Service Operators ("VAFCSO"), is actively engaged in policy advocacy causes for the promotion and development of the shipping transport industry in the country, tackling regulatory and policy issues and concerns faced by the industry and working to strengthen industry-government partnerships.

Furthermore, the Company employs competent legal and operating personnel, who regularly liaise with the various government agencies to ensure compliance by the Company with new regulations and exercise the requisite due diligence with respect to protecting the Company's business, financial condition, and results of operations from the aforementioned risks while still complying with the applicable laws and regulations. In addition, the Company on a case-to-case basis engages external counsel to provide specialized legal advice and service.

- *Business Cycle risks on the shipping and logistics industry*

The Company has a high operating leverage making the business sensitive to economic slowdowns due to high fixed depreciation costs. The shipping and logistics businesses are dependent on economic and business cycles. To mitigate this risk, the Company is working on improving synergies across the businesses.

## Item 12. Transactions with Related Parties

In the ordinary course of its business, CLIHC and its subsidiaries engage in transactions with related parties and affiliates. It is the Company's policy to ensure that these transactions are entered on terms comparable to those available from unrelated third parties. This may include but not be limited to the following:

- i. Chartering services
- ii. Fuel purchases
- iii. Rentals
- iv. Advances to/from related parties for working capital purposes

## II. Properties

The Group owns various tankers, barges, RoPax, cargo vessels and tugs which are utilized in its business. The following table sets forth information on these vessels that each company owns as of December 31, 2025.

Name of Vessel	Registered Owner	Year Built	Type
1. M/T Chelsea Providence	CSC	2013	Medium Range Oil /Chemical Tanker
2. M/T Chelsea Cherylyn	CSC	2009	White Oil, Carrier, Tanker
3. M/T Chelsea Denise***	CSC	1985	Black / White Oil Carrier, Tanker
4. M/T Chelsea Resolute***	CSC	1979	White Oil, Carrier, Tanker
5. M/T Chelsea Enterprise	CSC	1985	Black Oil Tanker
6. M/T Chelsea Excellence	CSC	1998	White Oil/ Methanol Carrier
7. M/T Chelsea Intrepid***	CSC	1994	Black Oil Tanker
8. M/T Chelsea Denise II	PNX-CSC	2012	Black/White Oil Carrier, Tanker
9. M/T Chelsea Dominance	PNX – CSC	2016	Product Oil Tanker
10. M/T Great Princess	PNX – CSC	2013	Oil/Chemical Tanker
11. M/T Chelsea Endurance	PNX – CSC	2006	Product Oil Tanker
12. M/T Chelsea Charlize	PNX – CSC	2015	Product Oil Tanker
13. MV St. Nicholas of Myra***	PNX – CSC	1998	General Cargo
14. M/T Ernesto Uno	MI	1979	White Oil, Chemical Tanker
15. M/T Jasaan***	MI	1990	Black Oil Carrier, Tanker
16. M/T BMI Patricia****	BMI	1981	Black Oil Carrier, Tanker - Conversion
17. MV Trans Asia 1*	Trans Asia	1980	Passenger Ship
18. MV Trans Asia 3	Trans Asia	1989	Passenger Ship
19. MV Trans Asia 8	Oceanstar	1984	Passenger Ship
20. MV Trans Asia 10	Trans Asia	1979	Passenger Ship
21. MV Asia Philippines**	Trans Asia	1975	Passenger Ship
22. MV Trans-Asia 18	Trans-Asia	1998	Passenger Ship
23. MV Trans-Asia 19	Trans-Asia	2018	Passenger Ship
24. MV Trans Asia 12	Trans Asia	1998	Container Cargo Ship
25. MV Trans Asia 15	Trans Asia	1995	Container Cargo Ship
26. MV Trans-Asia 16***	Trans-Asia	1996	Container Cargo Ship

27. MV Trans-Asia 17	Trans-Asia	1999	Container Cargo Ship
28. MV Asia Pacific***	Trans Asia	1981	General Cargo Ship
29. MV Trans-Asia 21	Trans-Asia	2021	Passenger Ship
30. M/Tugs Fortis I**	FTC	1994	Tugboat
31. M/Tugs Fortis II	FTC	1990	Tugboat
32. M/Tug Fortis III	FTC	1972	Tugboat
33. M/Tug Fortis V	FTC	1984	Tugboat
34. M/Tug Fortis VI	FTC	1989	Tugboat
35. M/Tug Fortis VII	FTC	1984	Tugboat
36 M/Tug Fortis VIII	FTC	1984	Tugboat
37. M/Tug Fortis X	FTC	1988	Tugboat
38. M/Tug Fortis XII	FTC	1988	Tugboat / Contingency Vessel
39. M/Tug Fortis XV	FTC	1987	Tugboat
40. M/Tug Samal	DGMSI	1974	Tugboat
41. M/Tug Pindasan	DGMSI	1981	Tugboat
42. M/Tug Sigaboy	DGMSI	1971	Tugboat
43. M/Tug DavTug XI***	DGMSI	1969	Tugboat
44. MV Starlite Pacific	SFI	1983	Passenger and Cargo Ship
45. MV Starlite Annapolis	SFI	1982	Passenger and Cargo Ship
46. MV Starlite Jupiter	SFI	1989	Passenger and Cargo Ship
47. MV Starlite Pioneer	SFI	2015	Passenger and Cargo Ship
48. MV Starlite Tamaraw***	SFI	1981	Cargo Ship
49. MV Starlite Eagle**	SFI	2016	Passenger and Cargo Ship
50. MV Starlite Reliance**	SFI	2015	Passenger and Cargo Ship
51. MV Starlite Saturn	SFI	2016	Passenger and Cargo Ship
52. MV Starlite Archer	SFI	2017	Passenger and Cargo Ship
53. MV Starlite Venus	SFI	2021	Passenger and Cargo Ship
54. MV Starlite Sprint 1	SFI	2019	Fastcraft
55. MV SWM Salve Regina	SGFI	2018	Passenger and Cargo Ship
56. MV Starlite Stella Maris	SGFI	2019	Passenger and Cargo Ship
57. MV Trans Asia 20 (Starlite Phoenix)	SGFI	2019	Passenger and Cargo Ship
58. SWM Stella del Mar	SPFI	2018	Passenger and Cargo Ship
59. St. Uriel	SuperCat	1992	Passenger Ship
60. St. Sealthiel	SuperCat	2000	Passenger Ship
61. St. Jhudiel	SuperCat	1996	Passenger Ship
62. St. Braquel	SuperCat	1996	Passenger Ship
63. St. Emmanuel**	SuperCat	1998	Passenger Ship
64. St. Camael	SuperCat	2017	Passenger Ship
65. St. Sariel	SuperCat	2017	Passenger Ship
66. St. Micah	SuperCat	1990	Passenger Ship

\* Damaged / Retired

\*\*\* Not operational

\*\* On Drydock as of December 31, 2025

Except as indicated above, as of the date of this Annual Report, all of the above-mentioned vessels are in good working condition.

Further, Trans-Asia owns a 1,509.28 sq.m. land located at M.J. Cuenco Ave. corner Osmeña Blvd., Brgy. San Nicholas, Cebu City and a building constructed thereon with a total floor area of 2,940 sq.m., which houses Trans-Asia Shipping's main office. Trans-Asia also owns three (3) container yards located at Quezon Blvd. within Piers 4 and 5, North Reclamation Area, Brgy. Cebu Port Center, Cebu City, and in Macabalan, Cagayan de Oro with an aggregate area of 14,904 sq.m.

Some of the vessels and real estate properties owned by CLIHC and its Subsidiaries are used to secure long-term loans. The details of these loans are as follows:

### Secured Term Loans

	Security	Terms	Interest rates	Outstanding balance	
				September 30, 2022	December 31, 2022
China Banking Corporation (CBC)	Real Estate Mortgage (REM), Continuing Suretyship, MT Chelsea Great Princess, MT Chelsea Charlize, MT Chelsea Resolute, MT Chelsea Enterprise, MT Chelsea Excellence, MT Chelsea Ernesto Uno, MT Chelsea Jasaan	7 years	5.00%	1,932,000,000	1,932,000,000
Development Bank of the Philippines (DBP)	Assignment of receivables MT Chelsea Providence, MT Chelsea Cherylyn, MV Starlite Stella Maris, Corporate/Continuing Suretyship	15 years	5.00%	1,744,700,806	1,766,729,006
Land Bank of the Philippines (LBP)	MT Chelsea Intrepid, MT BMI Patricia	8 years	5.00%	1,077,447,710	1,104,941,460
Philippine Business Bank (PBB)	MV Eagle, MV Archer, MV Saturn	8 years	3.00% - 7.00%	803,073,429	809,172,721
CBC	Trans - Asia 2, 3, 5, 12 and 15	8 years	5.75%	642,300,000	642,300,000
Amalgamated Investment Bancorporation (AIB)	Unsecured	9 years	6.48%	613,629,986	599,710,259
DBP	Trans-Asia 16, 17 and 18	15 years	5.00%	547,058,550	549,807,588
PBB	Corporate/Continuing Suretyship, MV Salve Regina	8 years	3.00% - 7.00%	455,400,000	457,700,000
DBP	Corporate/Continuing Suretyship	15 years	5.00%	416,725,454	450,514,005
PBB	MT Chelsea Dominance	8 years	3.00% - 7.00%	433,944,577	433,944,577
Asia United Bank (AUB)	MT Chelsea Endurance				
	MTug Fortis I, MTug Fortis II	6 years	4.00%	347,083,333	417,916,667
	MTug Fortis III, Mtug Fortis V				
	MTug Fortis VI, Mtug Fortis VII				
	MTug Fortis Mtug Fortis X				
DBP	Corporate/Continuing Suretyship MV St. Nicholas of Myra Assignment of receivables	15 years	5.00%	411,373,982	415,100,000
	Trans-Asia 1, 8, 9 and 10, CY3				
BDO Unibank, Inc. (BDO)	REM, Continuing suretyship	6 years	6.50%	262,345,116	349,241,720
PBB	MV Stella Del Mar	8 years	3.00% - 7.00%	306,130,128	307,676,240
DBP	Corporate/Continuing Suretyship	15 years	5.00%	282,081,371	300,086,565
	MV St. Camael and MV St. Sariel				
Mega International Commercial Bank Co. (MICBC)	Pledge of shares, Continuing Suretyship	5 years	6.37%	243,787,500	245,025,000
Robinsons Bank Corporation (RBC)	Pledge of shares, Continuing Suretyship	5 years	6.37%	243,787,500	245,025,000
CTBC Bank (Phils) Inc. (CTBC)	Pledge of shares, Continuing Suretyship	5 years	6.37%	243,787,500	245,025,000
Pentacapital	Unsecured	8 years	6 to 7.00%	205,042,335	205,042,335
Union Bank of the Philippines (UB)	Continuing Suretyship	9 years	3.00%	197,505,000	198,000,000
First Commercial Bank, Ltd. (FCB)	Pledge of shares, Continuing Suretyship	5 years	6.37%	162,525,000	163,350,000
Rizal Commercial Banking Corp.	Starlite Sprint I	7 years	9.50%	96,944,977	104,024,977

PBB	Pledge of shares of stocks MTug Fortis IX, MTug Fortis X	8 years	11.00%	-	13,893,988
AUB	Assignment of receivables MTug Fortis VI, MTug Fortis VII	7 years	8.02%	1,587,447	15,957,667
AUB	MTug Fortis VIII, Assignment of receivables, MTug Fortis III and MTug	7 years	8.11%	2,606,701	10,422,210
				11,672,868,402	11,982,606,985
Net discount on loans payable				(389,154,214)	(396,959,128)
				11,283,714,188	11,585,647,857

### Secured Bank Loans

	Security	Terms	Interest rates	Outstanding balance	
				September 30, 2025	December 31, 2024
Landbank of the Philippines	MT Chelsea Intrepid MT BMI Patricia Assignment of receivables Continuing suretyship	90 days	3.00 to 6.75%	63,560,600	156,560,600
Primary Institutional Leaders	MV TA21 and Pledge of shares	30 to 180 days	1.00 to 10.00%	832,650,740	702,519,769
PBB	Unsecured	180 days	7.50%	240,000,000	350,000,000
Pentacapital	Assignment of receivables	360 days	7.00%	-	1,233,162
				1,136,211,340	1,210,313,531

### III. Legal Proceedings

In the course of the Group's business, it has been involved in legal proceedings both as plaintiff and defendant. The Company's management believes that an adverse resolution in such cases will not materially affect the financial position of the Company. The Company is not involved in any legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) which it believes may have a material adverse effect on the financial position of the Company.

The following are the material legal proceedings which the Company is currently involved in:

- a. *Michael, Incorporated vs. Pilipinas Kao Incorporated, Civil Case No. 37046, Regional Trial Court of Cebu City;* (b) *Pilipinas Kao, Inc. vs. Michael, Inc., Civil Case No. 37180, Regional Trial Court of Cebu City.*

These consolidated cases which were filed in September 2010, refer to the Complaint of MI against Pilipinas Kao, Inc. ("PKI") for Collection of Sum of Money and Damages with Prayer for Preliminary Attachment, and PKI's Complaint against MI for Specific Performance, Reimbursement and Damages.

The transactions subject of the complaints refers to the Charter Agreement between MI and PKI whereby MI agreed to transport on its vessel M/Tkr Ernesto Uno the crude coconut oil ("CCO") of PKI. The Charter Agreement was for a period of two (2) years from January 8, 2009 to January 7, 2011, and the agreed Charter Rate was ₱2,050,000 per month. From December 2009 to July 2010, MI transported PKI's CCO from Mindanao to various ports of destination, and accordingly billed PKI Charter Fees in the amount of ₱15,921,666.67. However, PKI refused to pay the Charter Fees on its allegation that the CCO transported by MI was contaminated with seawater. In its Answer to PKI's Complaint, MI alleged that it proposed several plans to PKI to resolve the alleged contamination but the same were refused by PKI. As these cases have been consolidated, they are being jointly heard.

In the Decision dated January 29, 2024, the trial court granted MI's prayer for unpaid charter fees of P 15,921,666.27 but also ruled that MI should pay PKI P 27,882,402.16 as actual and consequential damages due to the contaminated CNO cargo; P 2M for exemplary damages, and P 1.6M for attorney's fees and litigation expenses. MI filed its Motion for Reconsideration of the Decision dated January 29,

2024 and on November 6, 2024, the court issued an order reducing the total judgment award to PKI to P 26,345,552.60 (excluding interest) and maintaining the judgment award in favor of MI. The counsel of PKI has expressed willingness to negotiate with MI to reach a possible amicable settlement. MI has filed its appeal with the Court of Appeals and awaiting resolution.

*b. Ryan Subong et.al. vs. Trans-Asia Shipping Lines, Inc., Civil Case No, 26205, Regional Trial Court of Iloilo City*

The original Complaint was filed by 79 plaintiffs on April 11, 2000. Plaintiffs were the passenger-survivors and heirs of the casualties of the sinking of MV Asia South Korea which sank off the vicinity of Bantayan Island en route to Iloilo on December 23, 1999. Their total claim for damages is in the amount of ₱380,000,000.00. An Amended and Second Amended Complaint were filed in April and August 2000 respectively. Defendant Trans- Asia Shipping's main defense is that the cause of the accident was force majeure as the vessel was seaworthy and properly manned at the time of accident.

On April 18, 2013, the Regional Trial Court issued its Decision ordering Trans-Asia Shipping to pay ₱801,000.00 for 4 deaths and ₱585,000.00 for 13 survivors or a total of ₱1,386,000.00. Although Trans-Asia Shipping offered to pay in accordance with the Decision, not a single plaintiff accepted payment. Instead, some of the plaintiffs filed their Motion for New Trial, some filed Motion of Reconsideration of the Decision, and some filed their Notice of Appeal. The trial court issued an Order granting new trial for two plaintiffs and set the hearing for reception of evidence for said plaintiffs. The trial court also issued its Order dated March 22, 2016 modifying the award of damages to ₱8,865,399.96 for four deaths and 11 survivors, plus 15% interest on the total monetary award. Trans-Asia Shipping filed its Motion for Reconsideration of the two Orders, which was denied by the trial court. Trans-Asia Shipping filed its Notice of Appeal.

In August 2017, the parties signed a Compromise Agreement whereby Trans-Asia Shipping paid the total amount of ₱8,839,313.95 for thirteen 13 Complainants (4 Deaths and 9 Survivors). In October 2017, another three (3) plaintiffs signed a Compromise Agreement whereby Trans-Asia Shipping paid the total amount of ₱594,250.00. On October 6, 2017, the trial court issued its Orders approving the two Compromise Agreement and declaring the case as CLOSED AND TERMINATED insofar as the 16 Complainants are concerned.

Two (2) Complainants, Kenneth Sherwin Chu and Raquel Cometa, signed a Compromise Agreement and accepted the settlement amount of ₱170,775.00 each. Defendant Trans-Asia is currently working for the settlement of the last remaining Complainant, with a probable settlement in the amount of not more than ₱200,000.00. The case is still pending with one remaining Complainant, and no compromise agreement has been reached with this Complainant. The case is still pending with Branch 28 of RTC-Iloilo City.

*c. Nelly A. Gangoso, et. al. vs. Trans-Asia Shipping Lines, Inc., Civil Case No. CEB-36075, Regional Trial Court of Cebu City.*

This Complaint was filed by 5 plaintiffs on October 2009 arising from the sinking of MV Asia South Korea. A Compromise Agreement dated June 18, 2013 was entered into by four of the plaintiffs pursuant to which said plaintiffs agreed to withdraw their claims against Trans-Asia Shipping in return for the payment by defendant of the amount of ₱75,000.00 each to said plaintiffs. Plaintiff Nelly A. Gangoso pursued this case against Trans-Asia Shipping. On May 28, 2017, a Decision was issued by the trial court, awarding a total of ₱1,050,000 in favor of the plaintiff. Trans-Asia filed its Motion for Reconsideration of the said Decision and when the same was denied, Trans-Asia filed its Appeal with the Court of Appeals.

On March 9, 2022, Trans-Asia received the Decision of the Court of Appeals affirming the Decision of the Regional Trial Court (RTC) Branch 23, Cebu City. On March 24, 2022, Trans-Asia filed a Motion for Reconsideration, and on December 7, 2022, it received the Resolution of the Court of Appeals denying its Motion for Reconsideration. On December 19, 2022, Trans-Asia filed with the Supreme Court a Motion for Single Extension to file a Petition for Review on Certiorari under Rule 45 of the Rules of Court. On January 20, 2023, Trans-Asia filed with the Supreme Court a Verified Petition for Review on Certiorari. On November 20, 2023, the Supreme Court denied Trans-Asia’s Petition for Review on Certiorari and sustained the award of the lower court in the amount of PhP1,050,000. On 28 June 2024, Trans-Asia paid the plaintiff Php 1,050,000, and on July 2, 2024, the parties filed with the trial court their Joint Manifestation of Voluntary Satisfaction of Judgment Award with Joint Motion to Declare Case as Closed and Terminated. The case is considered closed and terminated.

*d. Trans-Asia Shipping Lines, Inc. vs. Philippine Fire and Marine Insurance Corporation, et.al. Civil Case No. 39098, Regional Trial Court of Cebu City.*

This Complaint was filed by Trans-Asia in September 2012 to collect the insurance proceeds arising from the sinking of MV Asia Malaysia, which proceeds are in the approximate amount of ₱120,000,000. Said Complaint was filed when defendant Philippine Fire only offered to pay the amount of ₱50,000,000. Defendant Philippine Fire filed its Motion to Dismiss the complaint on the ground of lack of jurisdiction and insufficient docket fees paid. When said Motion to Dismiss was denied, defendant Philippine Fire filed a Petition for Certiorari with the Court of Appeals in December 2014. Said Petition for Certiorari was dismissed by the Court of Appeals on June 28, 2016. On March 30, 2017, the regional trial court issued an Order setting the case for pre-trial on June 9, 2017. At the 9 June hearing, the case was remanded to the Executive Judge for transfer to Branch 11, which is the only commercial court in Cebu City. At Branch 11, Philippine Fire filed a Motion to Suspend Proceedings attaching the Notice of Stay Order issued by the Insurance Commission. Trans-Asia filed its Opposition to Philippine Fire’s Motion to Suspend Proceedings. The Regional Trial Court (Branch XI) of Cebu City, issued an Order on 14 July 2022 suspending the proceedings until the Stay Order is lifted or the case before the Insurance Commission is terminated.

On July 10, 2024, the trial court issued an Order requiring both parties to give an update on the rehabilitation of the Philippine Fire and Marine Insurance Corporation filed with the Insurance Commission. On August 30, 2024, Trans-Asia filed its Compliance With Manifestation to notify the trial court that Trans-Asia’s Verified Claim was referred/endorsed by Atty. John A. Apatan, Division Manager (Conservatorship, Receivership and Liquidation Division) of the Insurance Commission to Atty. Marianne P. Lozada-Marquez, the assigned/appointed Liquidator. On November 6, 2024, the trial court issued an Order directing the Liquidator Atty. Marianne P. Lozada-Marquez to inform the court of the status of the case pending before the Insurance Commission. Trans-Asia has not received any notification from the Liquidator Atty. Marianne P. Lozada-Marquez informing the court of the status of the case pending before the Insurance Commission.

**PART II – MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT’S COMMON EQUITY**

**I. Principal market where the registrant’s common equity is traded**

The Company’s common shares are traded at the Philippine Stock Exchange (“PSE”) beginning August 8, 2017. The high and low sale prices of each quarterly period for year 2025 are as follows:

Period	2025		2024		2023		2022		2021		2020		2019		2018	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
1Q	1.15	0.95	1.55	1.29	1.17	1.13	1.61	1.56	3.28	3.17	5.89	1.91	7.20	5.59	9.79	7.00
2Q	1.30	1.10	1.40	1.23	1.05	1.03	1.39	1.32	3.14	3.08	4.29	2.49	8.74	5.08	8.56	6.45

3Q	1.10	0.90	1.48	1.00	1.26	1.23	1.36	1.25	2.22	2.13	4.65	4.01	9.36	6.22	7.76	5.43
4Q	1.00	0.88	1.40	1.15	1.50	1.46	1.20	1.15	1.67	1.60	5.39	5.10	7.18	4.73	9.77	4.40

As of December 31, 2025, the market capitalization of the Company, based on the closing price of ₱0.95 per share, was approximately ₱2.16B.

## II. Holders

The following are the top registered holders of the Company's securities based on the records as of December 31, 2025:

Name of Stockholders	Number of shares held	% to Total
Udenna Corporation	1,275,384,605	67.134
PCD Nominee Corporation (Filipino)	528,526,267	27.821
Metropolitan Bank & Trust Company Trust Banking Group	68,636,000	3.613
PCD Nominee Corporation (Non-Filipino)	15,581,625	0.820
Metropolitan Bank & Trust Company Trust Banking Group	5,296,000	0.279
Members of Board of Trustees of the Private Education	3,859,000	0.203
Caroline G. Taojo	800,000	0.042
Eggnest Property Corp.	770,000	0.041
Noe B. Taojo	400,000	0.021
Joaquin Chua	100,000	0.005
Elvira M. Cruz or Bernardo A. Cruz	100,000	0.005
Aida Bautista Dela Cruz	55,000	0.003
Clive C. Kian	50,000	0.003
Rudy B. Manguiat or Mary Aileen C. Manguiat	50,000	0.003
Goldclass, Inc.	35,000	0.002
Jharna P. Chandnani	30,000	0.002
Mely Ngo Lim	30,000	0.002
Christopher Vincent J. Kokseng or Mery Jean G. Kokseng	15,000	0.001
Myra P. Villanueva	10,800	0.001
Carlos Catangue Chua	9,300	0.000
Rijhn R. Opon	9,300	0.000
Milagros P. Villanueva	7,300	0.000
Myrna P. Villanueva	7,300	0.000
Marietta V. Cabreza	5,000	0.000
Percival Cirilo Samodio Flores	1,000	0.000
Alexander S. Timbol	100	0.000
Owen Nathaniel S. Au ITF: Li Marcos Au	10	0.000
Eduardo A. Bangayan	1	0.000
Miguel Rene A. Dominguez	1	0.000
Jesus S. Guevara II	1	0.000
Gener T. Mendoza	1	0.000
Gilbert Gabriel Flores Santa Maria	1	0.000
Arthur Kenneth L. Sy	1	0.000
Cherylyn C. Uy	1	0.000
Efren E. Uy	1	0.000
<b>TOTAL</b>	<b>1,899,768,615</b>	<b>100.000%</b>

### **III. Dividends**

The Company's dividend policy is to declare at least 20% of its prior year's net income as dividends, whether in stock or in cash or a combination of both, subject to the existence of unrestricted retained earnings, CLIHC's financial condition, as well as requirements of applicable laws and regulations, the terms and conditions of our existing loan facilities, and the absence of circumstances that may restrict the payment of such dividends.

Each holder of a common share is entitled to such dividends as may be declared in accordance with the Company's dividend policy. The Company's current dividend policy entitles holders of common shares to receive dividends based on the recommendation of the Board of Directors. Such recommendation will consider such factors as operating expenses, implementation of business plans, and working capital.

The Company has not declared dividends since 2018.

### **IV. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during this calendar year covered by this report.

At the April 28, 2025 Annual Stockholders' Meeting, after a discussion of each item, and opportunity given to the shareholders present to ask questions thereon, approval of the following matters took place: approval of the 2024 Audited Financial Statements and Annual Report; approval of the Minutes of the September 20, 2024 Annual Stockholders' Meeting; ratification of all acts of the Board of Directors, Board Committees and Management for the period covering August 5, 2024 to February 15, 2025; election of the members of the Board of Directors; and appointment of the External Auditor of the Company.

### **V. Recent Sale of Securities**

On September 20, 2022, the Corporation executed a Subscription and Debt Conversion Agreement with The Members of the Board of Trustees of the Private Education Retirement Annuity Association (PERAA), and on September 5, 2023 the Corporation executed Subscription and Debt Conversion Agreements with Metropolitan Bank & Trust Company – Trust Banking Group (MBTC), as part of the Corporation's liability management exercise for restructuring of its outstanding loans and obligations. Pursuant to these Subscription Agreements, the total shares of the Corporation issued to PERAA was 3,859,000 while 73,932,000 shares of the Corporation were issued to MBTC. The shares were issued to MBTC on October 5, 2023 and to PERAA on October 12, 2023.

## **PART III – FINANCIAL INFORMATION**

### **I. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The Management's Discussion and Analysis of Financial Condition and Results of Operations for each of the Three Years in the Period Ended December 31, 2025, 2024 and 2023 are attached hereto as **Annex A**.

### **II. Information on Independent Accountant and Other Related Matters**

Isla Lipana & Co. was appointed as the Company's new external auditor at the Annual Stockholders'

Meeting held on September 20, 2024 for Calendar / Audit Year 2025. Isla Lipana & Co. (ILC), which is the Philippine member firm of PricewaterhouseCoopers, has neither shareholding in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees billed to the Company and its subsidiaries for each of the last three fiscal years for professional services rendered by its current and previous external auditors Isla Lipana & Co. and Punongbayan & Araullo (P&A), respectively.

	2025	2024	2023
Audit Fees	₱10,500,000	₱10,500,000	₱8,000,000

Audit and audit related fees refer to the professional services rendered by ILC and P&A for audit of the Company’s annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the Independent Auditors’ services.

### III. Financial Statements

The Company’s Statement of Management’s Responsibility and Audited Financial Statements as of December 31, 2025 is in **Annex B**. Financial Statements are prepared in accordance with SRC Rule 68, as amended and Rule 68.1.

### IV. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

The Company has not had any material disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period.

## PART IV – CONTROL AND COMPENSATION INFORMATION

### I. Directors and Executive Officers of the Issuer

#### 1. Board of Directors

The incumbent members of the Board of Directors of the Company are as follows:

Office/Position	Name	Age	Citizenship
<b>Directors</b>			
Chairman	Dennis A. Uy	52	Filipino
Director/President & CEO	Chryss Alfonsus V. Damuy	52	Filipino
Director	Cherylyn C. Uy	46	Filipino
Director	Eduardo A. Bangayan	73	Filipino
Director	Arthur Kenneth L. Sy	58	Filipino
Director	Efren E. Uy	64	Filipino
Independent Director	Miguel Rene A. Dominguez	49	Filipino
Independent Director	Jesus S. Guevara II	71	Filipino
Independent Director	Gilbert F. Santa Maria	59	Filipino

*Below is a summary of their qualifications:*

**Dennis A. Uy**  
**Chairman**

Dennis A. Uy, Filipino, 52 years old, is the founder and the Chairman of Chelsea Logistics and Infrastructure Holdings Corp. (CLIHC) since its incorporation. He served as President & CEO of CLIHC from incorporation until March 27, 2017. He is the Chairman and President of Phoenix Petroleum Holdings, Inc., the holding company of Phoenix Petroleum Philippines, Inc. (PPPI), and Chairman and CEO of Udenna Corporation, the ultimate parent company of PPPI and CLIHC. He is also the Chairman of DITO CME Holdings Corp. (formerly ISM Communications Corporation), Udenna Land Inc., Udenna Infrastructure Corp., Le Penseur Inc., PH Resorts Group Holdings, Inc., and Udenna Management & Resources Corp. and its subsidiaries, Phoenix Philippines Foundation and of Udenna Foundation. Mr. Uy has been the Honorary Consul of Kazakhstan to the Philippines since November 2011. He has a degree in Business Management from De La Salle University.

**Chryss Alfonsus V. Damuy**  
**Director, President & CEO**

Chryss Alfonsus V. Damuy, Filipino, 52 years old, has been a Director of CLIHC since its incorporation and was appointed President & CEO of the Company on March 27, 2017. He is the President of Chelsea Shipping Corp. and its subsidiaries namely PNX-Chelsea Shipping Corp., Fortis Tugs Corporation, Michael, Inc., Bunkers Manila, Incorporated, Chelsea Ship Management & Marine Services Corp., and Chelsea Marine Manpower Resources, Inc. Mr. Damuy is currently the Vice Chairman of Trans-Asia Shipping Lines, Incorporated and its subsidiaries Oceanstar Shipping Corporation, Starsy Shoppe, Inc., Dynamic Cuisine, Inc. and Quality Metals & Shipworks, Inc. Prior to joining CLIHC, he was the Vice President for Finance of Phoenix Petroleum Philippines, Inc. and General Manager of Calaca Industrial Seaport Corp. Before that, he was the Controller of Lapanday Foods Corporation and held various positions in its subsidiaries including the Fresh Asia Produce as Accounting Manager and the Mindanao Fresh Produce Services Corporation as Assistant Accounting Manager. He also worked as Chief Accountant of the Regional Educators Multi-Purpose Cooperative and as its Branch Officer. Mr. Damuy started his professional career as College Instructor of the Holy Cross of Davao College. He is a Certified Public Accountant and has a degree in Bachelor of Science in Accountancy.

**Cherylyn C. Uy**  
**Director**

Cherylyn C. Uy, Filipino, 46 years old, is a Director of CLIHC since February 10, 2017. She also served as the Treasurer of the Company and its subsidiaries until September 2024. She is likewise a Director of Phoenix Petroleum Philippines, Inc. and of PH Resorts Group Holdings, Inc., and the Corporate Treasurer of the Udenna Group of Companies. She is the Executive Director of Phoenix Philippines Foundation, Inc. and President of the Udenna Foundation. Ms. Uy is a graduate of Ateneo de Davao University with a degree in Business and Finance.

**Arthur Kenneth L. Sy**  
**Director**

Arthur Kenneth L. Sy, Filipino, 58 years old, has been a Director of CLIHC since March 27, 2017. He serves as Co-Chairman of Trans-Asia Shipping Lines, Incorporated, and currently the President and CEO of Sybu Real Estate Corporation and Director of Big Hub Transport & Logistics Corp., Dynamic Cuisine, Inc., Starsy Shoppe, Inc., Star Maritima Port and Allied Services, Inc., Oceanstar Shipping Corporation, and Quality Metal and Shipworks, Inc. He holds degrees in the fields of business and engineering namely, Bachelor of Science in Business Administration from the University of San Carlos; Bachelor of Science in Marine Engineering, and Bachelor of Science in Mechanical Engineering from the University of Cebu.

**Efren E. Uy****Director**

Efren E. Uy, Filipino, 64 years old, has been a Director of CLIHC since March 27, 2017. Mr. Uy currently serves as the Chairman and Chief Executive Officer of F2 Logistics Philippines, Inc., F2 Global Logistics, Inc., Agri Farmers, Inc., F8 Prime Transport Services, Inc., Ultimate Yellow Transport Services, Inc., Fmoves Transport Corp. and Miren Holdings, Inc. He has a degree in Bachelor of Science in Mechanical Engineering from University of San Carlos.

**Eduardo A. Bangayan****Director**

Eduardo A. Bangayan, Filipino, 75 years old, has been a Director of CLIHC since March 27, 2017. He is currently the President of Summit World Group of Companies, a Director for Fuji Oil Philippines and an Independent Director for Manila Mining Corporation. From 2004 until 2008, he served as Trustee of the Local Water Utilities Association. Mr. Bangayan served as a Director of the Davao City Water District since 1993 and re-appointed in January 2023 with a term until 2028. He is also a member of the Philippine Association of Water Districts (PAWD) Board of Governors. He has served as an Independent Director of the Rural Bank of Tagum from 2015 to 2019 later becoming a regular Director in 2020, and was elected as Chairman of the Board in 2024 and has been serving as such up to the present. He is also a member of the Board of Governors of the Philippine National Red Cross. He has a degree in Bachelor of Science in Business Administration from Silliman University and currently serves on the Board of Trustees as an Alumni representative with a term up to July 31, 2027. He continues to serve as a pillar in the country's business sector as a member of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. and by serving as Board Chairperson and President of IGaCoS Filipino-Chinese Chamber of Commerce and Industry, Inc.

**Miguel Rene A. Dominguez****Independent Director**

Miguel Rene A. Dominguez, Filipino, 40 years old, has been an Independent Director of CLIHC since March 27, 2017. He is currently the President and Chief Executive Officer of Alsons Development and Investment Corporation. He previously served as Vice President for Operations at the Alcantara Group's Agribusiness Unit, where he oversaw the operations of key subsidiaries, including Sarangani Agricultural Co. Inc. and Alsons Aquaculture Corporation. He was Governor of Sarangani Province for three (3) consecutive terms and served as chairman of the Regional Development Council 12. Mr. Dominguez was named an awardee for Governance and Public Service in the Ten Outstanding Young Men (TOYM) 2013 by the TOYM Foundation. He was the first awardee of the Jesse Robredo Leadership Award, given the same year. Beyond his roles within the Alcantara Group, Mr. Dominguez contributes to public service, social development, and the broader business community as an Independent Director of Siguil Hydro Power Corporation, Chairman of the Mindanao Committee of the Philippine Business for Social Progress, Board Member of the Philippine Business for Education, President of the General Santos City Chamber of Commerce, President of Synergeia Foundation, Chairman of the Eagle Ridge Golf and Country Club, and Member of the Philippines-Japan Economic Cooperation Committee, Inc. He holds a Bachelor of Arts in Economics from Boston College and a postgraduate degree from Harvard University's Kennedy School.

**Jesus S. Guevara II****Independent Director**

Jesus S. Guevara II, Filipino, 71 years old, has been an Independent Director of CLIHC since March 27, 2017. From 2009 to the present, he sits as Director of Lipa Bank, Inc. He served as Executive Vice President of the Development Bank of the Philippines, where he worked for eighteen (18) years. He served as the Chairman of the Board of Phividec Industrial Authority until August 13, 2024. He has a degree in Bachelor of Arts in Economics from University of the Philippines and Master's Degree in

Industrial Relations.

**Gilbert F. Santa Maria**  
**Independent Director**

Gilbert F. Santa Maria, Filipino, 59 years old, was appointed an Independent Director of CLIHC in September 2024. Mr. Santa Maria is also currently serving as President, Chief Executive Officer, Member of the Board of Directors of Metro Pacific Tollways Corporation; Director of House of Investments, Inc., Director of Pioneer Adhesives Inc. Member of the Board of Trustees for the University of the Philippines Engineering R&D Foundation Inc., and Alumni Advisory Board Member of the Yale University School of Management. Recent *past experience includes*: President and COO of Philippine Airlines, Chief Operating Officer (COO) of Ibox Global, Washington D.C., Senior Adviser of EEI Corporation, Pioneer Adhesives Inc., Scrubbed. Inc. in San Francisco, HydroMX in New York City. *Educational Background*: Mr. Santa Maria graduated from the University of the Philippines, Diliman with a Bachelor of Science degree in electrical Engineering, and holds a Masters in Public & Private Management from the Yale University School of Management.

**Directorships in Other Reporting Companies**

The following are directorships held by the Directors in other reporting companies during the last five (5) years:

Name of Director	Name of Reporting Company	Position Held
Dennis A. Uy	Phoenix Petroleum Philippines, Inc.	Chairman
	PH Resorts Group Holdings, Inc.	Chairman
	Dito CME Holdings Corp.	Chairman
	Atok-Big Wedge Co., Inc.	Vice Chairman
Cherylyn C. Uy	Phoenix Petroleum Philippines, Inc.	Director
	PH Resorts Group Holdings, Inc.	Director
	Dito CME Holdings Corp.	Director
Eduardo A. Bangayan	Manila Mining Corporation	Independent Director

**1. Executive Officers**

The incumbent Executive Officers of the Company are as follows:

Office/Position	Name	Age	Citizenship
President & CEO	Chryss Alfonsus V. Damuy	52	Filipino
Chief Financial Officer	Darlene A. Binay	53	Filipino
Deputy CFO / Treasurer / Head of Treasury	Reynaldo A. Phala	59	Filipino
AVP – Legal & Corporate Affairs / Corporate Secretary	Ma. Henedina V. San Juan	64	Filipino
Compliance Officer	Leandro E. Abarquez	42	Filipino
Chief Audit Executive	Maria Katherine A. Agbay	53	Filipino

*Below is a summary of their business experience:*

**Darlene A. Binay**  
**Chief Financial Officer**

Filipino, 53 years old, serves as the Chief Financial Officer of CLIHC. A seasoned Certified Public Accountant, she brings extensive financial leadership experience to the role, having previously served as Vice President of Finance at Philippine Span Asia Carrier Corp. and AVP of Cluster Finance and Accounting for the Magsaysay Shipping and Logistics Group. Her career also includes key roles as Group Accounting Head at Roxas Holdings, Inc. and Subsidiaries (RHI Group) and Assurance Senior Associate

at Joaquin Cunanan & Co. (now Isla Lipana and Co), a PricewaterhouseCoopers (PwC) member firm. She earned her degree in B.S. Accountancy from St. Paul College Quezon City.

**Reynaldo A. Phala**

**Deputy Chief Financial Officer / Treasurer/ Head of Treasury**

Filipino, 59 years old, is the Treasurer, Deputy CFO, and Head of the Treasury Department of CLIHC and its subsidiaries. He joined the Company in April 2020 after spending 12 years with an affiliate company as AVP for Treasury. He led a progressive banking career for 17 years, which he started at UCPB. He also worked with the Department of Trade and Industry as Municipal Trade and Industry Officer for a year. He graduated from Mindanao State University-General Santos City with the degree Bachelor of Science in Civil Engineering as a consistent academic scholar and passed the licensure examinations for Civil Engineers in May 1989. He obtained his MBA degree conferred by the Ateneo de Manila University and Regis University, Denver, Colorado, USA in 2013 and his Diploma in Corporate Finance in 2018 from the Ateneo Graduate School of Business. He also attended executive courses at Harvard Law School in 2019.

**Ma. Henedina V. San Juan**

**Corporate Secretary and Assistant Vice President for Legal and Corporate Affairs**

Filipino, 64 years old, is the Corporate Secretary and concurrently the Assistant Vice President for Legal and Corporate Affairs of CLIHC. She also serves as the Corporate Secretary of Chelsea Shipping Corp. and its subsidiaries, and other Companies in the Udenna Group. Prior to joining the Company, she worked for Petron Corporation, Petronas Energy & Petroleum, Inc. and Herma Corporation. She has a degree in Bachelor of Arts in Political Science and Bachelor of Laws both from University of the Philippines.

**Leandro E. Abarquez**

**Compliance Officer**

Filipino, 42 years old, is the Compliance Officer of the Company. Prior to joining CLIHC, he was a Senior Associate at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles. He has a Bachelor’s degree in Biology from the Ateneo de Manila University and obtained his Juris Doctor degree from the same university in 2009.

**Maria Katherine A. Agbay**

**Chief Audit Executive**

Filipino, 53 years old, is the Chief Audit Executive and Internal Audit Manager of the Company. Prior to joining CLIHC, she was an active Professional Practitioner in audit, insurance and real estate. She was previously a Lecturer at Far Eastern University – Makati and San Beda College, Manila; Vice-President - Audit and Systems Head and Finance Manager of Trust International Paper Corporation (TIPCO); Vice-President – Controller of subsidiary TIPCO Estates Corporation; Assistant Vice-President of Citibank and Accounting Manager of Kuok Philippine Properties, Inc. and KSA Realty Corporation. She started her career as an Auditor at SyCip, Gorres, Velayo & Co. She is a Magna Cum Laude graduate of University of the East, Manila. She also has a Master’s Degree in Business Administration from De La Salle University.

**Period of Service in the Company**

Name of Executive Officer	Period of Service
Darlene A. Binay	January 4, 2021 to present
Reynaldo A. Phala	April 15, 2020 to present
Ma. Henedina V. San Juan	Since incorporation to present
Leandro E. Abarquez	April 3, 2017 to present
Maria Katherine A. Agbay	December 5, 2017 to present

## 2. Family Relationships

There are no other family relationships between any Directors and any members of the Company's senior management as of the period covered by this Annual Report, except for the following:

1. Spouses Dennis A. Uy (Chairman of the Board) and Cherylyn C. Uy (Director)
2. Spouses Arthur Kenneth L. Sy (Director and Trans-Asia Shipping Co-Chairman) and Sheila Fay U. Sy (Trans-Asia Shipping General Manager)

## 3. Involvement of Directors and Officers in Certain Legal Proceedings

As of the date of this Information Statement, there are no other material legal proceedings involving CLIHC's Directors and Executive Officers except for the following:

1. *People of the Philippines v. Prospero Pichay, Eduardo Bangayan, et.al., SB Criminal Case Nos. SB16CRM0425-30*

These cases charge Mr. Eduardo Bangayan for (a) violation of Section 3(e) of R.A. 3019; (b) violation of Section X126.2(C)(1)(2) of the Manual of Regulation for Banks in relation to Sections 36 and 37 of R.A. No. 7653; and, (c) committing Malversation of Public Funds under the Revised Penal Code, for allegedly conspiring with the other accused in the (a) Local Water Utilities Association's (LWUA) purchase of 445,377 shares in Express Savings Bank, Inc. (ESBI) and release from the LWUA Fund of at least ₱800,003,070.51 in connection with the said purchase of shares; and, (b) LWUA's deposit and/or capital infusion of the ₱400,000,000.00 and deposit of ₱300,000,000.00 with ESBI, as well as the release of the foregoing amounts from the LWUA Fund.

Mr. Bangayan sought for the dismissal of the criminal cases against him based on his defense that he had acted in good faith, upon the honest belief and based on information made available to him, that LWUA's acquisition of ESBI had the approval of the BSP and complied with all applicable laws and regulations, and that there was no prima facie evidence on his alleged conspiracy, hence, there is no probable cause to indict him for any of the alleged offenses.

The Sandiganbayan dismissed the case insofar as Mr. Bangayan is concerned through its Resolution dated October 18, 2016. The prosecution moved for reconsideration thereof. On 17 November 2017, the Sandiganbayan issued its Resolution denying the prosecution's Motion for Partial Reconsideration, and thus affirmed the dismissal of all cases against Mr. Bangayan. Claiming grave abuse of discretion on the part of the Sandiganbayan, the prosecution filed its Petition for Certiorari with the Supreme Court. Mr. Bangayan filed his Comment / Opposition dated 1 June 2018 to the prosecution's Petition for Certiorari. The said Petition for Certiorari is pending resolution by the Supreme Court.

2. *Ombudsman v. Bundoc, et. Al., G.R. No. 225521-28, Supreme Court, First Division*

On November 2012, the Office of the Ombudsman issued a review decision finding certain individuals, including Jesus S. Guevara II, guilty of Grave Misconduct and Conduct Prejudicial to the Best Interest of the Service. On November 2015, the Court of Appeals set aside the decision, which prompted the Office of the Ombudsman to file a motion for reconsideration. The Court of Appeals denied such motion for reconsideration on June 2016. A petition for review on certiorari was filed by the Office of the Ombudsman before the Supreme Court on August 2016. The Supreme Court in its Order dated December 1, 2016 and received on March 30, 2017, ordered the respondents including Jesus Guevara II to comment on the Petition filed by the Ombudsman. In its ruling dated August 7, 2023, the Supreme

Court remanded the case to the Sandiganbayan. Jesus Guevara filed his Motion for Reconsideration of this ruling of the Supreme Court, and is awaiting the ruling of the Court on the said Motion.

Other court cases typical and customary in the course of the business operations of the Company such as those, among others, involving collection, qualified theft, breach of contract and reckless imprudence have been filed by and against the Company, by and against its employees and/or third parties. The results of which will not significantly affect the financial standing of the Company.

Except for the above, to the best of the Company’s knowledge there has been no occurrence during the past five (5) years up to the date of this Annual Report of any of the following events which are material to an evaluation of the ability or integrity of any Director, person nominated to become a Director, executive officer, or control person of the Company:

- Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two years prior to that time;
- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Any final and executory order, judgment, or decree or any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and
- Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the Commission, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

**There are no other pending material legal cases as far as records of the Company are concerned.**

## II. Executive Compensation

The Company’s executive officers are regular employees entitled to a 12-month compensation package and other mandatory pay and benefits. They also receive performance bonuses similar to those of the managerial, supervisory and technical employees.

The members of the Board of Directors are elected for a period of one (1) year. The Company pays its non-executive Directors a per diem of ₱30,000.00 for each meeting. There are no other arrangements for which the members of the Board of Directors are compensated.

The aggregate compensation paid or incurred during the last two (2) fiscal years to the executive officers of the Company are as follows:

Compensation of Executive Officer and Directors (in ₱ millions)					
Name	Principal Position	Salary	Bonus	Other	Total
		Estimated Compensation For the Year Ended December 31, 2025			
<b>Chryst Alfonsus V. Damuy</b>	President & CEO				
<b>Darlene A. Binay</b>	Chief Financial Officer	22.93	2.55	2.17	27.61
<b>Reynaldo A. Phala</b>	Treasurer/Treasury Head				
All other officers as a group unnamed		7.63	0.69	0.54	8.86

Compensation of Executive Officer and Directors (in ₱ millions)					
Name	Principal Position	Salary	Bonus	Other	Total
		Actual Compensation For the Year Ended December 31, 2024			
<b>Chrissy Alfonsus V. Damuy</b> <b>Cherylyn C. Uy</b> <b>Ignacia S. Braga IV</b> <b>Darlene A. Binay</b>	President & CEO Treasurer Chief Financial Officer (until August 31, 2024) Chief Financial Officer (Starting September 1, 2024)	26.43	2.05	8.24	36.72
All other officers as a group unnamed		12.55	0.52	2.48	15.55

Compensation of Executive Officer and Directors (in ₱ millions)					
Name	Principal Position	Salary	Bonus	Other	Total
		Actual Compensation For the Year Ended December 31, 2023			
<b>Chrissy Alfonsus V. Damuy</b> <b>Cherylyn C. Uy</b> <b>Ignacia S. Braga IV</b>	President & CEO Treasurer Chief Financial Officer	20.01	0.29	7.33	27.63
All other officers as a group unnamed		16.45		2.58	19.77

Generally, a typical employment contract executed between the Company and its named executive officers has the following terms:

- Specification of job title, commencement date of employment, work assignment and possible need for reassignment of work or location as the need may arise.
- Probation of six months from commencement of employment. If the job performance is found to be satisfactory, employment shall be converted to regular status.
- Salary & Benefits: specifies that the executive officer shall receive his or her monthly salary and a guaranteed 13<sup>th</sup> month pay less the necessary government deductions required by law, such as but not limited to SSS premium, PHILHEALTH, and PAG-IBIG contributions. The same section likewise provides that the executive's salary shall be subject to annual review which shall take into consideration his or her performance and the achievement of a mutually-agreed goals.
- Exclusivity: The employment contract states that the executive shall render exclusive service to the Company and to work with other companies, regardless of whether such work is done outside of office hours, without the consent of the Company, is prohibited.
- Confidentiality: The executive is duty bound to keep confidential information, materials and records which he or she may access in the course of his or her employment with the Company and he or she may not disclose or reproduce the same without the consent of the Company.
- Professional Conduct: The executive concerned is expected to comply with all the policies and procedures which the Company may issue from time to time. It is specifically prohibited to accept any or all kinds of gifts from suppliers and customers without the consent of the Company.

### Employees' Stock Option Plan (ESOP)

On February 13, 2019, the Board of Directors of the Company approved an ESOP covering all regular employees with at least one year of service from the date of grant. This was subsequently ratified by stockholders holding at least two-thirds of the outstanding capital stock on March 15, 2019. The

objective of the ESOP is to recognize the loyalty, dedication and exemplary performance of the employees of the Company, thereby encouraging long-term commitment to the Company.

Under the ESOP, the Company shall initially reserve for exercise of stock options up to 56.3 million common shares of the Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares, 66.67% of which were granted to existing employees as of the initial offering date (IOD) while the remaining 33.33% is reserved for employees hired after the IOD. Stock options may be granted within five years from the adoption of the ESOP and may be exercised within 10 years from the date of grant. The exercise price shall be based on the volume weighted average price of the Company 30 days prior to the IOD. The options shall vest for a period of one to five years from the IOD. The Company shall receive cash for the stock options.

In 2022, the Company amended the subscription price of the stock options to P3.99 per share from P6.28 per share and the exercise periods to the first five trading days of September of every year. This change was taken prospectively from date of approval and resulted to an increase in share options expense amounting to P18.8 million in 2022.

Since the amendment of the ESOP in 2022, supervening events have taken place which make it necessary to amend the Plan again in order for its objectives to be achieved. The ESOP Committee has recommended the amendment of the Subscription Price of the ESOP to the average of the (a) volume weighted average market price (VWAP) for the thirty (30) trading days on the Philippine Stock Exchange (PSE) immediately after the approval of the Board of Directors of this amendment of the ESOP, as Amended, and (b) the Subscription Price of P3.99 per share under the ESOP, as Amended.

The amendment of the ESOP, as Amended, was approved by the Board of Directors of the Corporation at its March 17, 2026 meeting, and will be submitted to the Stockholders of the Corporation for approval at the Annual Stockholders' Meeting scheduled on May 12, 2026.

As of December 31, 2025 and 2024, pursuant to the ESOP, the Company has granted the option to its eligible employees to subscribe to 37.6 million shares of the Company. An option holder may exercise in whole or in part his vested option, provided that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. No options have been exercised as at December 31, 2025 and 2024.

The fair value of the option granted was estimated using binomial option pricing model that takes into account factors specific to the ESOP. The principal assumptions used in the valuation are shown below:

Grant date	:	May 15, 2019
Vesting period ends	:	May 15, 2024
Option life	:	Five years
Share price at grant date	:	P6.05
Amended exercise price	:	P3.99
Original exercise price at grant date	:	P6.28
Average fair value at grant date	:	P3.16
Average standard deviation of share price returns	:	51.28%
Average risk-free investment rates	:	6.14%

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

Shown below are the information on options held by Directors and Officers of the Company:

Options Held by Directors and Officers						
Name	Option Granted	2020	2021	2022	2023	2024
CEO and Most Highly Compensated Executive Officers	6,570,922	1,314,184	1,273,494	1,273,494	1,273,494	1,273,494
All other Officers of the Company	1,251,102	205,043	205,043	205,043	205,043	205,043

No options have vested in 2025 and none of these options have been exercised as of December 31, 2025.

The Employee Stock Option Plan, as amended, was submitted to the Securities and Exchange Commission for approval on December 27, 2022.

#### *Security Ownership of Certain Beneficial Owners and Management*

##### **a. Security Ownership of Certain Records and Beneficial Owners as of December 31, 2025**

Title of Class	Name & Address of Record Owner & Relationship to Issuer	Name of Beneficial Owner & Relationship to Record Owner	Citizenship	No. of Shares	Percentage of Outstanding Shares
Common	Udenna Corporation Stella Hizon Reyes Road, Bo. Pampanga, Davao City <i>Stockholder</i>	Udenna Corporation	Filipino	1,650,384,605	72.55%
Common	PCD Nominee Corporation 29/F BDO Equitable Tower 8751 Paseo de Roxas, Makati City <i>Stockholder</i>	PCD participants acting for themselves or for their customers	Filipino	528,463,267	23.25%

*\*PCD Nominee Corporation is not a related Company*

Udenna Corporation is the holding company of the Uy family. It is directly owned by spouses Dennis A. Uy and Cherylyn C. Uy.

The 528,463,267 Common shares under the name of PCD Nominee Corporation are owned by PCD participants acting for themselves or for their Filipino customers.

Other than the stockholders identified above, as of December 31, 2025, there are no other stockholders other than participants under PCD account who own more than five percent (5%) of the voting securities. Of the increase in the authorized capital stock of the Corporation from Two Billion Pesos (₱2,000,000,000.00) to Three Billion Five Hundred Million Pesos (₱3,500,000,000.00), which was approved by the Securities and Exchange Commission on April 4, 2022, Udenna Corporation subscribed to 375,000,000 additional shares, which are not yet recorded in the books of the Corporation's Stock Transfer as the shares are not yet fully-paid.

As of December 31, 2025, 0.6862% or 15,611,625 Common Shares are owned by foreign stockholders.

##### **b. Security ownership of Directors and Management as of December 31, 2025**

Title of Class	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership	No. of Shares	Percentage of Outstanding Shares
<b>Directors</b>					
Common	Dennis A. Uy	Filipino	Direct	215,501	.01%
			Indirect	770,234,496	33.86%
Common	Cherylyn C. Uy	Filipino	Direct	1	NIL
			Indirect	219,996,268	9.67%
Common	Chryss Alfonsus V. Damuy	Filipino	Direct	1,668,000	0.04%
Common	Eduardo A. Bangayan	Filipino	Direct	70,001	NIL
Common	Miguel Rene A. Dominguez	Filipino	Direct	1	NIL
Common	Jesus S. Guevara II	Filipino	Direct	1	NIL
			Indirect	100,000	0.01%
Common	Arthur Kenneth L. Sy	Filipino	Direct	1	NIL
Common	Efren E. Uy	Filipino	Direct	270,001	0.01%
Common	Gilbert F. Santa Maria	Filipino	Direct	1	NIL
<b>Executive Officers</b>					
Common	Darlene A. Binay	Filipino	N/A	NIL	NIL
Common	Reynaldo A. Phala	Filipino	N/A	NIL	NIL
Common	Ma. Henedina V. San Juan	Filipino	Direct	219,000	0.01%
Common	Maria Katherine A. Agbay	Filipino	N/A	NIL	NIL
Common	Leandro E. Abarquez	Filipino	Direct	36,300	NIL
<b>All Directors and Officers as a group</b>				<b>992,809,572</b>	<b>43.64%</b>

As of December 31, 2025, Directors and Executive Officers of the Company owned an aggregate of 992,809,572 shares of the Company, equivalent to 43.64% of the Company's total issued and outstanding shares.

#### c. Changes in Control

The Company is not aware of any arrangements that may result in a change of control in the Company since the beginning of its fiscal year.

#### d. Voting Trust Holders of 5% or more

Other than those mentioned above, there are no persons holding more than five percent (5%) of a class under a voting trust or any similar agreements as of the date of this Report.

#### e. Certain Relationships and Related Transaction

The Company's related parties include its parent company, related parties under common ownership, the Company's key management personnel and stockholders.

A summary of the Group's transactions with its related parties for the years ended December 31, 2025, 2024 and 2023 and the related outstanding balances as of December 31, 2025 and 2024 is presented below:

	Notes	Amount of transactions			Due from (due to)	
		2025	2024	2023	2025	2024
<b>Ultimate Parent Company:</b>						
Cash advances granted	17.4	(P35,767)	-	4,338,633	7,105,724,937	7,105,760,704
<b>Associate:</b>						
Sale to Dito	8, 17.4	(271,874,967)	-	-	-	271,874,967
<b>Related parties under common control:</b>						
Chartering of services Rendered	17.1	-	-	9,881,618	55,471,143	55,471,143
Fuel purchases	17.2	125,982,829	424,755,506	308,319,152	(2,553,342,058)	(2,924,642,783)
Acquisition of CSC's shares	17.6	-	-	-	(500,000,000)	(500,000,000)
Rental expense	17.3	29,123,117	12,702,969	1,025,325	(153,692,645)	(134,368,784)
Cash advances granted	17.4	(32,238)	-	-	86,000,000	86,032,238
Cash advance obtained	17.4	(215,000,000)	-	(25,490,390)	(289,000,000)	(504,000,000)
Right-of-use assets	7, 17.7	-	(5,552,180)	(16,656,541)	-	-
Lease liabilities	10.4, 17.7	-	5,118,195	17,220,905	-	-
<b>Stockholders:</b>						
Cash advances granted	17.4	70,810,003	-	2,661,432	243,760,421	172,950,418
<b>Key management personnel</b>						
Compensation and benefits	17.8	47,350,000	52,270,000	43,978,811	-	-

Unless otherwise stated, the outstanding receivables and payables from and to related parties are unsecured, non-interest bearing and are generally settled in cash upon demand or through offsetting arrangement with the related parties.

#### **Charter Fees and Standby Charges**

The Group entered into chartering agreements with PPPI, a related party under common ownership, which are made on the same terms as those transactions with third parties. The amounts of revenue recognized are presented as part of charter fees under the revenues section of the consolidated statements of profit or loss. The related outstanding receivable as at December 31, 2025 and 2024 is presented as part of trade receivables under the trade and other receivables in the consolidated statements of financial position.

The outstanding receivables from related parties are unsecured and do not bear any interest and the credit terms range from 30 to 45 days. Further, no impairment loss was recognized on the outstanding receivables from related parties as of December 31, 2025 and 2024 based on management's assessment.

#### **Fuel Purchases**

The Group purchases fuel and lubricants from PPPI, a related party under common ownership. Fuel consumed is included as part of bunkering under the cost of sales and services in the consolidated statements of total comprehensive income while the total purchases amounted to P125.9 million and P424.8 million in 2025 and 2024, respectively. The outstanding liability, which are unsecured, and do not bear any interest and the credit terms range from 30 to 90 days, arising from these transactions as at December 31, 2025 and 2024 is presented as part of trade payables and accrued expenses under trade and other payables in the consolidated statements of financial position.

#### **Rentals**

The Group entered into a one-year contract of lease covering vehicles with Valueleases, Inc., a related party under common ownership, renewable at the end of the lease term upon mutual agreement of the parties. Related expense is presented as part of rentals under cost of sales and services in the consolidated statements of total comprehensive income. The Outstanding security deposits arising

from this transaction is presented as part of security deposits under the other non-current assets in the consolidated statements of financial position.

The Parent Company occupies certain office space owned by Udenna Tower, a related party under common ownership. As of December 31, 2025, a formal lease contract has not been executed; however, the Company is billed on a monthly basis for the use of the premises. Related expense is presented as part of rentals under Operating expenses in the consolidated statements of total comprehensive income. The outstanding payable is presented as part of Trade payables in the statement of financial condition.

### **Advances to and from Related Parties**

In the normal course of business, the Group grants and obtains unsecured, non-interest-bearing cash advances to and from its related parties mainly for working capital requirements and to bridge financing of vessel acquisitions pending draw down of related loans.

As at December 31, 2025 and 2024, the outstanding receivable and payable balances from these advances are shown as advances to related parties and advances from related parties, respectively, in the consolidated statements of financial position. These advances have no repayment terms and are payable in cash on demand or through offsetting arrangement with the related parties.

Advances to the ultimate parent company may be offset or applied against outstanding non-trade payable with entities under common control. The balance may be secured by an equity investment of the ultimate parent company that will be transferred to the Group upon execution of assignment agreement. This equity investment represents an interest in a related party under common control that maintains a profitable operational history, supported by strategic high-value assets and significant landholdings. Based on the fair value of the investment as at December 31, 2025, the projected value of the net assets to be received exceeds the carrying amount of the advances.

The movements in advances to related parties for the year ended December 31, 2025 are as follows:

	Ultimate parent company	Associate	Related parties under common control	Shareholders	Total
<b>December 31, 2025</b>					
Balance at beginning of year	7,105,760,704	271,874,967	86,032,238	172,950,418	7,636,618,327
Advances	-	-	-	70,810,003	70,810,003
Reclassification	-	(56,874,967)	-	-	(56,874,967)
Offsetting	-	(215,000,000)	-	-	(215,000,000)
Collections	(35,767)	-	(32,238)	-	(688,005)
Balance at end of year	7,105,724,937	-	86,000,000	243,760,421	7,435,485,358
<b>December 31, 2024</b>					
Balance at beginning of year	7,117,460,312	271,874,967	86,032,238	150,885,270	7,626,252,787
Advances	-	-	-	22,065,148	22,065,148
Collections	(11,699,608)	-	-	-	(11,699,608)
Balance at end of year	7,105,760,704	271,874,967	86,032,238	172,950,418	7,636,618,327

In 2025, the advances to associate amounting to P215.0 million was offset against the advances from a related party under common control. The balance of P56.9 million as at December 31, 2025 was reclassified as non-trade receivable in the consolidated statements of financial position when the Parent Company ceased significant influence in the associate.

Based on Management's assessment, no impairment loss is recognized in 2025, 2024 and 2023 related to the advances granted to related parties.

The movements in the advances from related parties for the year ended December 31, 2025 are as follows:

	2025	2024	2023
Balance at beginning of year	504,000,000	504,000,000	529,490,390
Offsetting	(215,000,000)	-	-
Cash flow from financing activities			
Repayments	-	-	(25,490,390)
Balance at end of year	289,000,000	504,000,000	504,000,000

### **Acquisition of CSC shares**

On November 24, 2016, the Parent Company acquired all of the outstanding shares of CSC from PPPI, a related party under common ownership, for a total consideration of P2.0 billion. The carrying amounts of the consolidated assets and liabilities of CSC at the time of acquisition amounted to P8.4 billion and P5.4 billion, respectively. The excess of the net identifiable assets over the acquisition price is presented as other reserves under the equity section of the consolidated statements of financial position.

As at December 31, 2025 and 2024, the outstanding liability from this transaction amounting to P500.0 million is presented as Non-trade payables under the trade and other payables account in the consolidated statements of financial position.

### **Others**

Certain interest-bearing loans of the Group were secured by a corporate guarantee of Udenna and by certain stockholders through a continuing surety agreement with the respective banks. Certain interest-bearing loans of Udenna were also secured by a corporate guarantee of the Parent Company through a continuing surety agreement with the respective banks.

In addition, the following table presents the outstanding balance of advances to officers and employees of the Company as of December 31, 2025 and 2024:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Advances to officers and employees	₱ 19,466,278	₱ 22,900,011

Advances to officers and employees represent unsecured, non-interest-bearing cash advances for business-related expenditures and are subject to liquidation.

#### **f. Ownership structure and parent company**

As of December 31, 2025, Udenna Corporation owns 72.55% of the outstanding shares of the Company.

#### **g. Resignation of Directors**

Since the organizational meeting of the Company on September 20, 2024, no Director or Officer has resigned because of a disagreement with the Company on any matter relating to the Company's issuance, operations, policies or practices.

## **PART V – CORPORATE GOVERNANCE**

The Company adopted a Manual of Corporate Governance (the “Manual”) to ensure its compliance with the leading practice on good corporate governance and related Philippine SEC rules and regulations. The Manual was approved and adopted by its Board of Directors and deemed effective as of March 27, 2017.

The Manual features the following provisions:

- *Protection of investors.* The Manual provide for shareholders’ rights and protection, investor relations and a disclosure system to ensure transparency and accountability.
- *Board of Directors and Management.* The detailed qualifications and disqualifications, duties, functions and responsibilities of the Board and executive officers are also enumerated in the Manual.
- *Checks and balances.* The Manual contains the vision, strategic objectives, key policies, procedures for the management of the Company, and mechanisms for monitoring and evaluating management’s performance.
- *Compliance with the Manual.* The appointment of a Compliance Officer to monitor compliance with and violations of the Manual is also provided.
- *Creation of committees.* The Manual mandates the creation of the Nomination Committee, the Audit Committee, the Corporate Governance Committee, the Board Risk Oversight Committee and the Related Party Transaction Committee, to ensure the performance of certain important functions of the Board and of Management.

The Company will continue to improve its corporate governance, and will amend, the Manual as may be necessary.

### **Compliance with Corporate Governance Manual**

The Company strives to fully comply with its Corporate Governance Manual. To date, the Company’s compliance is not measured by weight program nor by a grading system. The Company’s compliance with its Corporate Governance Manual, however, is manually examined against the adopted written principles.

In August 2018, in pursuance of its commitment to adopt leading corporate governance practices, Company with the approval of its Board of Directors adopted four (4) Board Committee Charters, namely: (i) Board Risk Oversight Committee Charter, (ii) Corporate Governance Committee Charter, (iii) Audit Committee Charter; and (iv) Related Party Transactions Committee Charter.

Further, on the same year, the members of the Audit Committee were also changed to adopt the corporate governance recommendation that the Audit Committee be composed of at least three (3) Independent Directors, including the Chairman of the Committee.

Similarly, in October 2018, the re-designing and re-development of the Company’s website was completed in order to conform to the mandatory website contents of the Philippine Securities and Exchange Commission and Philippine Stock Exchange (PSE). All Company disclosures made through the PSE Edge System are mirrored in the Company website. The Company charters, policies and manual for various activities and processes are also available on the Company website.

## **Corporate Governance Outlook**

In 2019, in order to improve on the corporate governance practices of the Company, a Committee was created to formulate governance related policies, including the Code of Business Conduct and Ethics, Insider Trading Policy and Policy on Conflict of Interest.

In addition, the Company has rolled out its Amended Employee Stock Option Plan, as approved during the Annual Stockholders' Meeting held on May 3, 2022. This will form part of the Company's program in recognizing and rewarding the performance of its employees beyond short-term financial measures. The implementation of this program is currently in process.

The members of the Board of Directors of the Company and its Management Team are required to attend a Corporate Governance Seminar at least once a year. For 2024, the Company's Corporate Governance Seminar was held on 3 December 2024 with the following topics:

- I. Review of Code of Corporate Governance Code for Publicly-Listed Companies
- II. Corporate Sustainability / Sustainability Reporting
- III. 2024 Global and Regional Trends in Corporate Governance
- IV. RP Economic Statistics
- V. Global and Local events that will affect Business and Governance in 2025

The Company shall endeavor to adopt and implement more leading corporate governance practices in the future.

## **PART VI – EXHIBITS AND SCHEDULES**

### **I. Exhibits and Reports on SEC Form 17-A**

**Annex A: Management's Discussion & Analysis of Financial Condition and Results of Operations for the Year Ended December 31, 2025, 2024 and 2023**

**Annex B: Statement of Management's Responsibility for Consolidated Financial Statements and Audited Consolidated Financial Statements**

**Annex C: Sustainability Report**

### **II. Signatures**

## MANAGEMENT REPORT

## I. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Chelsea Logistics and Infrastructure Holdings Corp. and its Subsidiaries' (CLIHC or the Group) Discussion and Analysis provides an overview of the Group's financial activities as of and for the years ended December 31, 2025 and 2024. The following discussions should be read in conjunction with the attached Consolidated Financial Statements of the Group as of December 31, 2024 and 2023.

Comparable discussion on Material Changes in Results of Operations for the years ended December 31, 2025 and 2024.

Amounts in millions (Php)	December 31,					
	2025	%Rev	2024	%Rev	% Change	
Revenues	P 9,016	100%	P 8,007	100%	13%	
Cost of sales and services	7,164	79%	6,550	82%	9%	
Gross profit	1,852	21%	1,457	18%	27%	
Other operating expenses	1,128	13%	1,074	13%	5%	
Provision for (reversal of) expected credit losses	6	0%	( 48 )	(1%)	100%	
Operating profit	718	8%	431	5%	67%	
Finance cost, net	( 1,171 )	(13%)	( 1,112 )	(14%)	5%	
Other income - net	520	6%	950	12%	(45%)	
Profit (Loss) Before Tax	67	1%	269	3%	(75%)	
Tax expense	17	0%	91	1%	(82%)	
<b>Net profit</b>	<b>P 50</b>	<b>1%</b>	<b>P 177</b>	<b>2%</b>	<b>(72%)</b>	
Add Back:						
Tax expense (income)	17	0%	91	1%	(82%)	
Depreciation and amortization	1,905	21%	1,690	21%	13%	
Interest expense	1,055	12%	1,041	13%	1%	
Loss (gain) on sale of investment property	-	0%	( 458 )	(6%)	100%	
Impairment losses on property and equipment	78	1%	18	0%	100%	
Provision for expected credit losses	6	0%	( 48 )	(1%)	100%	
Interest Income	( 2 )	(0%)	( 1 )	(0%)	29%	
Impairment loss on investment	-	0%		0%	100%	
Gain on debt modification	( 22 )		( 472 )	(6%)	100%	
Unrealized foreign currency exchange losses	121	1%	29	0%	319%	
Share option benefit expense	4		5	0%	100%	
<b>EBITDA</b>	<b>P 3,212</b>	<b>36%</b>	<b>P 2,073</b>	<b>26%</b>	<b>55%</b>	

In 2025, Chelsea Group prioritized operational stability amid a period of gradual economic recovery. Management focused on steadying the business to navigate uneven market conditions and persistent global headwinds.

The Group achieved a 13% year-on-year increase in consolidated Revenues, reaching ₱9.016 Billion. This growth was primarily driven by strong performances across the Freight, Passage, Logistics,

Chartering, and Food and Beverage (F&B) segments. The key drivers included sustained improvement in cargo and passage volumes and rates, growth in B2B logistics, and the scaling of F&B operations, and capacity utilization with the increasing number of vessels in active trade, though availability remained partially hampered by extended drydocking and supply chain delays for spare parts.

While Direct Costs rose by 9%, they were effectively outpaced by Revenues growth. Bunkering costs increased by 5% due to higher trip volumes and fuel price volatility. Additionally, Depreciation and Amortization Expense climbed 14%, driven by elevated drydocking costs, an expanded fleet of Right-Of-Use (ROU) vessels and other assets, and the financial impact of vessel cost revaluations.

Despite these cost pressures, the Group's core profitability showed significant strength:

- Gross Profit surged by 27% to ₱1.852 Billion, up from ₱1.457 Billion in the same period last year.
- Margins improved to 21%, up from 18% last year, driven by stronger topline performance, better vessel utilization, and a favorable shift in contract mix toward bareboat and time chartering. Improved absorption of Fixed Costs also contributed to Margin expansion.
- Operating Profit jumped 67% to ₱718 Million, supported by disciplined overhead management, with operating expenses holding steady at 13% of Revenues.

The Group's ongoing loan restructuring efforts led to 5% decline in Finance Costs. Regarding asset quality, a ₱48 Million net reversal of Provision for Expected Credit Losses (ECL) was recorded in 2024, with a modest ₱6 Million provision added at year-end to cover potential doubtful accounts in 2025.

The Consolidated Net Other Income decreased by 45% to ₱520 Million, primarily because the 2024 results included significant non-recurring gains. These 2024 "one-offs" included a ₱472 Million Gain on Debt Modification, and a ₱458 Million Gain on the Sale of Investment Property through a Dacion-En-Pago arrangement with a bank. The latter involved transferring the rights and ownership of a certain portion of the Company's property in Taguig City to settle loans and partially cover accrued interest obligations of its two (2) subsidiaries with a bank.

The Group posted a Net Profit After Tax of ₱50 Million as it moved past the non-recurring gains of 2024. Despite this bottom-line reduction from a ₱177 Million profit, operational health reached new heights, with Consolidated EBITDA climbing 55% to ₱3.212 Billion to support the Group's financial and operational commitments. This resulted to an earnings per share of ₱0.023 from ₱0.083 per share the same period last year.

## **Financial Condition**

December 31, 2025 and 2024

Amounts in millions	December 2025		December 2024		% Change
Current Assets	P	11,356	P	10,983	3%
Non-Current Assets		20,767		20,430	2%
<b>Total Assets</b>	<b>P</b>	<b>32,123</b>	<b>P</b>	<b>31,413</b>	<b>2%</b>
Current Liabilities	P	12,032	P	12,092	(0%)
Non-Current Liabilities		15,917		15,061	6%
<b>Total Liabilities</b>	<b>P</b>	<b>27,949</b>	<b>P</b>	<b>27,152</b>	<b>3%</b>
<b>Total Equity</b>	<b>P</b>	<b>4,174</b>	<b>P</b>	<b>4,261</b>	<b>(2%)</b>
<b>Total Liabilities and Equity</b>	<b>P</b>	<b>32,123</b>	<b>P</b>	<b>31,413</b>	<b>2%</b>

The Group maintained a stable asset base of ₱32 Billion in 2025. Total Equity declined slightly to ₱4.174 Billion, reflecting the impact of the period's reduction in Revaluation reserves. Consequently, Book Value per Share settled at ₱1.95, down from ₱1.99 the previous year.

### Comparable discussion on Material Changes in Results of Operations for the years ended December 31, 2024 and 2023.

Amounts in millions (Php)	December 31,						
	2024	%Rev	2023	%Rev	% Change		
Revenues	P	8,007	100%	P	7,048	100%	14%
Cost of sales and services		6,550	82%		5,598	79%	17%
Gross Profit		1,457	18%		1,449	21%	1%
Other operating expenses		1,074	13%		1,398	20%	(23%)
Provision for expected credit losses	(	48)	(1%)		95	1%	(151%)
Operating profit (loss)		431	5%	(	44)	(1%)	(1085%)
Finance cost, net	(	1,112)	(14%)	(	1,258)	(18%)	(12%)
Other income - net		949	12%		254	4%	273%
Profit (Loss) Before Tax		268	3%	(	1,047)	(15%)	(126%)
Tax expense		91	1%		96	1%	(4%)
<b>Net Profit (Loss) After Tax</b>	<b>P</b>	<b>177</b>	<b>2%</b>	<b>P</b>	<b>1,143</b>	<b>(16%)</b>	<b>(116%)</b>
Add Back:							
Tax expense (income)		91	1%		96	1%	(4%)
Depreciation and amortization		1,690	21%		1,353	19%	25%
Interest expense		1,041	13%		1,227	17%	(15%)
Gain on debt modification	(	472)		(	242)	(3%)	95%
Loss (gain) on sale of property and equipment	(	458)	(6%)		161	2%	(384%)
Provision for expected credit losses	(	48)	(1%)		95	1%	(151%)
Unrealized foreign currency exchange losses		28	0%	(	10)	(0%)	(391%)
Impairment losses on property and equipment		18	0%		16	0%	14%
Share option benefit expense		5			8	0%	(41%)
Interest Income	(	1)	(0%)	(	1)	(0%)	20%
Impairment loss on investment	-		0%		81	1%	(100%)
Gain on pretermination of lease liability	-		0%	(	6)	(0%)	(100%)
Gain on sale of an associate	-		0%	(	96)	(1%)	(100%)
<b>EBITDA</b>	<b>P</b>	<b>2,072</b>	<b>26%</b>	<b>P</b>	<b>1,541</b>	<b>22%</b>	<b>34%</b>

Chelsea Group maintained robust momentum in 2024, marking the start of economic recovery. The Group focused on stabilizing its operations amidst the impact of the global pandemic and uneven progress of recovery in certain markets and industries.

In 2024, Chelsea Group achieved consolidated Revenues of ₱8.007 Billion, reflecting 14% year-on-year growth from ₱7.048 Billion in 2023. This growth was attributed to increased revenue across all business segments, despite challenges in vessel availability, which were mitigated through enhanced asset optimization and strategic deployment of trading vessels.

The increase in revenue, despite the tough market dynamics, was driven by higher freight and passenger volumes, improved rates, and additional trading vessels and ports of call in 2024. The freight segment remained the primary revenue contributor, accounting for 47% of total revenues. This was supported by the deployment of additional chartered RoRo vessels to new routes and existing ports of call. However, its share declined in 2024 due to growth in passage and chartering segments.

This year's growth outpaced pre-pandemic revenue levels by 11%.

As a result of group-wide continuing cost management initiatives and operational efficiency improvements, the Group's consolidated operating performance surged by 10.9 times, achieving an Operating Profit of ₱431 Million compared to an Operating Loss of ₱44 Million in 2023 - a significant milestone since the pandemic.

However, an unparalleled year-on-year increase in Total Direct Costs impacted consolidated Gross Profit margins, which fell from 21% in 2023 to 18% in 2024. Rising fuel prices led to a 17% increase in Bunkering cost. Fuel consumption rose due to an increased number of trips and additional trading vessels. Depreciation and Amortization costs increased by 29%, driven by vessel revaluation and high drydocking costs. Repairs and maintenance cost surged by 45% due to vessel breakdowns, while Crew costs increased by 27%. Charter hire fees saw a steep 34-fold rise due to addition of RoRo vessels and tugs chartered to meet growing customer demand.

The Group managed to reduce Other Operating Expenses by 23%, lowering costs from ₱1.398 Billion in 2023 to ₱1.074 Billion in 2024, mainly due to a 72% reduction in Outside Services cost.

A ₱48 Million net reversal of Provision for Expected Credit Losses (ECL) was recorded, reflecting ongoing asset quality monitoring. Total Allowance for ECL was considered sufficient at year-end to cover potential doubtful accounts.

In 2024, the Group continued its Liability Management Exercise (LME), restructuring certain interest-bearing loans. This resulted in a 15% reduction in consolidated Interest Expense to P1.041 Billion.

Consolidated Net Other Income rose to ₱951 Million, a 2.74-fold increase from the prior year. This was driven by a ₱472 Million Gain on Debt Modification, representing a 95% year-on-year increase, and a ₱458 Million Gain on the Sale of Investment Property through a Dacion-En-Pago arrangement with a bank. The latter involved transferring the rights and ownership of a certain portion of the Company's property in Taguig City to settle loans and partially cover accrued interest obligations of its two (2) subsidiaries with a bank.

As a result, Chelsea Group turned its financial performance around, achieving a Consolidated Net Profit After Tax of ₱177 Million – a significant recovery from the ₱1.143 Billion Net Loss in 2023 and a 24% improvement compared to 2017's Net Income.

Consolidated Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) rose by 35%, higher at ₱2.074 Billion, and Earnings per Share improved to ₱0.083 in 2024 from a Loss per Share of ₱0.545 in 2023.

### Financial Condition

December 31, 2024 and 2023

<i>Amounts in millions</i>	<b>December 2024</b>	<b>December 2023</b>	<b>% Change</b>
Current Assets	P 10,983	P 10,946	0%
Non-Current Assets	20,430	22,005	(7%)
<b>Total Assets</b>	<b>P 31,413</b>	<b>P 32,951</b>	<b>(5%)</b>
Current Liabilities	P 12,603	P 15,057	(16%)
Non-Current Liabilities	14,549	13,990	4%
<b>Total Liabilities</b>	<b>P 27,152</b>	<b>P 29,047</b>	<b>(7%)</b>
<b>Total Equity</b>	<b>P 4,261</b>	<b>P 3,904</b>	<b>9%</b>
<b>Total Liabilities and Equity</b>	<b>P 31,413</b>	<b>P 32,951</b>	<b>(5%)</b>

As of December 31, 2024, Chelsea Group's consolidated Total Assets amounted to ₱31.413 Billion, reflecting a 5% decline compared to the same period in 2023. This reduction was mainly attributed to the disposal of an investment property through Dacion-En-Pago, which consequently decreased loan and interest obligations. This also contributed to a 16% reduction in Current Liabilities, which stood at ₱12.603 Billion in 2024.

Meanwhile, Non-current Liabilities rose by 4% to ₱14.549 Billion, primarily due to the reclassification of certain accrued interest to Long-term Interest-Bearing Loans and Obligation following loan restructuring, as well as the recognition of past service costs amounting to P182 Million, increasing the Retirement Benefit Obligation.

Total Stockholders' Equity reached ₱4.261 Billion as of December 31, 2024, marking a 9% increase from 2023. This growth was driven by the Group's Consolidated Net Comprehensive Income for the year.

The current ratio improved to 0.87 at year-end, compared to 0.73 in the previous year. Additionally, the total debt to equity ratio declined from 7.44 in 2023 to 6.37 in 2024.

Book Value per Share rose to ₱1.99 in December 2024 from ₱1.82 in December 2023

**Comparable discussion on Material Changes in Results of Operations for the period ending December 31, 2023 and 2022.**

Amounts in millions (Php)	December 31					
	2023	%Rev	2022 as restated	%Rev	% Change	
Revenues	P 7,048	100%	P 6,433	100%	10%	
Cost of sales and services	5,598	79%	5,642	88%	(1%)	
Gross Profit	1,449	21%	791	12%	83%	
Other operating expenses	1,398	20%	1,114	17%	25%	
Provision for expected credit losses	95	1%	42	1%	128%	
Operating loss	( 44 )	(1%)	( 365 )	(6%)	(88%)	
Finance cost, net	( 1,258 )	(18%)	( 1,381 )	(21%)	(9%)	
Other charges (income) - net	254	4%	( 729 )	(11%)	(135%)	
Loss before tax	( 1,047 )	(15%)	( 2,475 )	(38%)	(58%)	
Tax expense	96	1%	57	1%	69%	
<b>Net loss after tax</b>	<b>( P 1,143 )</b>	<b>(16%)</b>	<b>( P 2,531 )</b>	<b>(39%)</b>	<b>(55%)</b>	
Add Back:						
Tax expense (income)	96	1%	57	1%	69%	
Depreciation and amortization	1,353	19%	1,256	20%	8%	
Interest expense	1,227	17%	1,256	20%	(2%)	
Impairment losses on property and equipment	16	0%	624	10%	(97%)	
Loss on sale of property and equipment	161	2%	( 3 )	(0%)	(5678%)	
Impairment loss on investment	81	1%	233	4%	(65%)	
Gain on debt modification	( 242 )	(3%)	( 134 )	(2%)	80%	
Unrealized foreign currency exchange losses	( 10 )	(0%)	125	2%	(108%)	
Impairment loss on goodwill	-	-	64	1%	(100%)	
Provision for expected credit losses	95	1%	42	1%	128%	
Share option benefit expense	8	0%	19	0%	(55%)	
Gain on pretermination of lease liability	( 6 )	(0%)	-	0%	100%	
Gain on sale of an associate	( 96 )	(1%)	-	0%	100%	
Share in net income from associate	-	0%	( 15 )	(0%)	(100%)	
Interest income	( 1 )	(0%)	( 4 )	(0%)	(71%)	
<b>Adjusted EBITDA</b>	<b>P 1,541</b>	<b>22%</b>	<b>P 987</b>	<b>15%</b>	<b>56%</b>	

The Group had a revenue growth of 10% in 2023, surpassing the pre-pandemic 2019 performance, and posted an all-time high from 2017 Revenue of ₱7.048 Billion. The Passage and Freight segments of the Group continued to make progress in 2023 and delivered increases in revenues by 50% and 3%, respectively. These improvements in revenues were in part driven by the increase in average rates to cover the rising fuel prices in the early part of the year. With COVID-19 restrictions almost entirely relieved in 2023, passengers carried by our three (3) shipping lines increased by 44%, and the number of trips likewise went up by 14% in the current year.

Consolidated Gross Profit increased to ₱1.449 Billion from the prior year for a 21% margin, driven by improvements in revenues and the unparalleled reduction in total direct costs in 2023. Additional vessels were brought back to trading status this year which reduced Fixed Costs' impact on margins.

As a result, the Group posted a considerable reduction in Consolidated Loss from Operations of ₱44 Million in 2023 from a loss of ₱365 Million in 2022, or an 88% decrease, driven by solid topline growth across our major subsidiaries. Group-wide cost containment initiatives helped mitigate other operating costs despite increased business requirements, but the vessel availability issues still pulled down overall growth. Likewise, additional provision of ₱95 Million on Expected Credit Loss this period was provided to uplift the coverage and to closely monitor asset quality.

The Group's Liability Management Exercise (LME) resulted to a reduction of 9% in the consolidated finance costs to ₱1.258 Billion in the current year. Loans restructured in 2023 generated a gain of ₱242 Million on debt modification, 80% higher from 2022.

Also, during the year, the Group recognized a one-off Gain on Sale of Investment in Associate amounting to ₱96 Million and a Gain on Pre-termination of Lease Liability amounting to ₱6 Million. Likewise, foreign currency transactions in the current year gave rise to net unrealized foreign currency exchange gain of ₱10 Million, a turnaround from a loss taken up amounting to ₱125 Million in previous year.

Certain vessels of the Group were impaired this year amounting to ₱16 Million Impairment Losses on Property and Equipment, a 97% reduction from last year which includes loss taken up on MV TransAsia 1 which caught fire in 2022. In addition, the Group disposed two (2) freighter vessels in 2023 and recognized a total Net Loss on Sale of Property and Equipment of ₱161 Million.

In 2023, a non-cash Impairment Loss on Investment in a joint venture was recognized amounting to ₱81 Million, while the Group took up Impairment Loss on Investment Property in 2022 amounting to ₱233 Million which pertained to the cost of construction project of a warehouse terminated last year.

Further, the Group took up Share Option Benefit Expense of ₱8 Million in 2023, a decrease from ₱19 Million booked in 2022.

The Goodwill from the acquisition of Michael, Inc. was determined to be unrecoverable in 2022. An Impairment Loss on Goodwill was taken up amounting to ₱64 Million last year and at NIL in 2023.

The Group's Consolidated Net Loss After Tax amounted to ₱1.143 Billion, reflecting the effect of high finance cost. This was a significant reduction of 55% from prior period's Consolidated Net Loss of ₱2.531 Billion.

The Consolidated Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) posted at ₱1.541 Billion in 2023, a 56% significant increase from ₱987 Million in 2022.

Loss per Basic and Diluted Share this year is ₱0.587, a 56% improvement from last year's ₱1.343 loss per share.

## Financial Condition

December 31, 2023 and 2022

Amounts in millions		2023		2022	% Change
Current Assets	P	10,946	P	10,668	3%
Non-Current Assets		22,005		22,618	(3%)
<b>Total Assets</b>	<b>P</b>	<b>32,951</b>	<b>P</b>	<b>33,286</b>	<b>(1%)</b>
Current Liabilities	P	15,057	P	16,747	(10%)
Non-Current Liabilities		13,990		12,812	9%
<b>Total Liabilities</b>	<b>P</b>	<b>29,047</b>	<b>P</b>	<b>29,558</b>	<b>(2%)</b>
<b>Total Equity</b>	<b>P</b>	<b>3,904</b>	<b>P</b>	<b>3,727</b>	<b>5%</b>
<b>Total Liabilities and Equity</b>	<b>P</b>	<b>32,951</b>	<b>P</b>	<b>33,286</b>	<b>(1%)</b>

The Group's financial condition remained sound. As a result of the Group's LME, certain restructured loans were reclassified from current to non-current interest-bearing loans, hence the 10% decrease in Current Liabilities and 9% increase in the Non-Current Liabilities in 2023. Further, in October 2023, the Group entered into a Subscription and Debt Conversion Agreement with certain private institutional lenders to pay its outstanding loan amounting to ₱233 Million through issuance of 77,791,000 shares of the Company. Additional paid-in capital was recognized amounting to ₱156 Million, increasing total Equity by 5%.

Book value per share posted at ₱1.82, down by 7% from ₱1.95 in 2022.

### **Key Performance Indicators and Relevant Ratios**

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	<b>Dec 2025</b>	<b>Dec 2024</b>	<b>Dec 2023</b>
Current ratio	<b>0.94</b>	<b>0.91</b>	0.73
Debt-to-equity ratio	<b>6.70</b>	<b>6.37</b>	7.44
Book value per share	<b>1.95</b>	<b>1.99</b>	1.82
EBITDA margin	<b>36%</b>	<b>26%</b>	22%
Return on equity	<b>1%</b>	<b>4%</b>	(29%)
Earning (Loss) per share	<b>₱0.023</b>	<b>₱0.083</b>	(₱0.545)

These key indicators were chosen to provide Management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Return on Equity, Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

### **Known Trends or Demands, Commitments, Events or Uncertainties that will impact Liquidity**

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will materially affect its liquidity.

### **Events that will trigger Direct or Contingent Financial Obligation that is material to the Company, including any default or acceleration of an obligation**

The Company is not aware of other events that will materially trigger a direct or contingent financial obligation.

### **Material Off-Balance Sheet Transactions, Arrangements, Obligations (including contingent obligations), and Other Relationships of the Company with Unconsolidated Entities or Other Persons Created during the Reporting Period**

The Company has no material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the period that is not included in the Financial Statements.

### **Material Commitments for Capital Expenditures, the General Purpose of the Commitment and Expected Sources of Funds**

The Company has no material commitments for capital expenditures, the general purpose of the commitment and expected sources of funds.

### **Known Trends, Events or Uncertainties that will impact Sales / Revenues / Income from Continuing Operations**

The Company is not aware of any known trends, events or uncertainties that will impact its sales and/or income from continuing operations.

**Significant Elements of Income or Loss that Did Not Arise from Continuing Operations**

The Company is not aware of any significant elements of income or loss that did not arise from continuing operations.

**Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operations**

The RoPax segment transports passengers and cargoes within Philippine territorial waters and/or on the high seas. Due to the seasonal nature of this segment, higher passage revenues and operating profits are usually experienced in the summer months of the year (March, April and May), school holidays (October and November) and Christmas holidays (December and January) rather than in the other months of the year. Freight revenues, on the other hand, are higher at the last quarter of the year rather than in the early months.

The seasons of the year have no or little effect on the operations of the tanker and tugboat segments.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR CONSOLIDATED FINANCIAL STATEMENTS AND  
CONSOLIDATED AUDITED FINANCIAL STATEMENTS**



Together, we serve you better.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR CONSOLIDATED FINANCIAL STATEMENTS

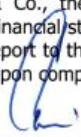
The management of Chelsea Logistics and Infrastructure Holdings Corp and its subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 to do so.


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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders or members, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
\_\_\_\_\_  
**DENNIS A. UY**  
Chairman of the Board  
TIN 172-020-135


  
\_\_\_\_\_  
**CHRYS ALFONSUS V. DAMUY**  
President and CEO  
TIN 913-898-959

  
\_\_\_\_\_  
**DARLENE A. BINAY**  
Chief Financial Officer  
TIN 145-150-987

Signed this 8<sup>th</sup> day of April 2026.

SUBSCRIBED AND SWORN to before me this APR 08 2026 day of \_\_\_\_\_ 2026 at Taguig City, affiants exhibited to me their respective TIN.

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Book No. VI  
Series of 2026

  
\_\_\_\_\_  
**ATTY. BRENDA C. GARCIA**  
Notary Public City of Taguig  
Until 31 December 2026  
IBP O.R. No. INV584820/1-3-2026/Makati City  
PTR No. A-6736209 on Nov. 27, 2025 at Taguig City  
Appointment No. 125(2025-2026)  
E-Compliance No. VIII-009332 APRIL 14, 2026  
BCC Taguig City  
Roll No. 39443

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## Independent Auditor's Report

To the Board of Directors and Stockholders of  
**Chelsea Logistics and Infrastructure Holdings Corp.**  
(A subsidiary of Udenna Corporation)  
Stella Hizon Reyes Road  
Bo. Pampang, Davao City

### Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Chelsea Logistics and Infrastructure Holdings Corp. (the "Parent Company") and its Subsidiaries (the "Group") as at December 31, 2025 and 2024, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of total comprehensive income for the years ended December 31, 2025 and 2024;
- the consolidated statements of changes in equity for the years ended December 31, 2025 and 2024;
- the consolidated statements of cash flows for the years ended December 31, 2025 and 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,  
1226 Makati City, Philippines  
+63 (2) 8845 2728

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines ("Code of Ethics"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

### **Our audit approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### **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.

Key audit matters identified in our audit are summarized as follows:

<b>Key Audit Matter</b>	<b>How our Audit Addressed the Key Audit Matter</b>
<p>a) <i>Revaluation of vessels and vessel equipment</i></p> <p>Refer to Notes 7, 18.2, 27.2 and accounting policies in 28.5 to the consolidated financial statements for the corresponding details and discussion of the Group's revaluation of vessels and vessel equipment presented as part of property and equipment.</p> <p>In 2025, the Group recognized a net revaluation decrement amounting to P140.5 million (Note 18.2), net of tax, based on the results of most recent appraisal reports finalized for certain vessels that were subjected to drydocking during the year.</p> <p>The Group's vessels and vessel equipment's net book value and revaluation reserve amounted to P12.8 billion (Note 7) and P1.4 billion (Note 18.2), respectively, as at December 31, 2025. This is identified as a key audit matter due to the material impact of these account balances to total consolidated assets and consolidated total comprehensive income.</p>	<p>Our audit procedures to address the valuation assertion over revaluation of vessels and vessel equipment included the following:</p> <ul style="list-style-type: none"> <li>• Obtained all the appraisal reports for vessels and assessed the objectivity, competence and capabilities of the accredited appraisers engaged by the Group by evaluating their professional qualifications, experience and reporting responsibilities, as well as confirmed that they are duly accredited by the Securities and Exchange Commission (SEC).</li> <li>• Performed understanding, evaluation and testing of various data used by the accredited appraiser including but not limited to the completeness and accuracy of information (i.e., vessel age, dimension and current use), reasonableness of assumptions and calculation methods adopted.</li> <li>• Reconciled, traced and agreed individual vessel appraised values with and to underlying appraiser detailed reports determined using a combination of cost and market approaches. Under the market approach, we traced the fair value of each vessel to the available independent data or market listing for similar properties and verified comparability based on gross tonnage, power or capacity and year built, among others. For the cost approach, we tested the reasonableness of the replacement cost estimates by inspecting supporting cost data such as drydocking reports, assessing the assumptions used by the appraiser, and evaluating the appropriateness of depreciation and obsolescence factors applied in arriving at the fair values.</li> </ul>

<b>Key Audit Matter</b>	<b>How our Audit Addressed the Key Audit Matter</b>
<p>Likewise, the process of revaluation entails distinct expertise particularly third-party appraisers, whose calculations also depend on certain assumptions such as listing of comparable properties, adjustments to sales price based on weight, capacity and year built, as well as replacement cost.</p>	<ul style="list-style-type: none"> <li>• We checked the accuracy of adjustments made to revaluation reserves, depreciation and to impairment losses, as applicable.</li> </ul>
<p><i>b) Goodwill impairment</i></p> <p>Refer to Notes 21, and accounting policies in Note 28.9 to the consolidated financial statements for the corresponding details and discussion of the Group's policy on goodwill impairment.</p>	<p>Our audit procedures to address relevant assertions over impairment of goodwill included the following:</p> <ul style="list-style-type: none"> <li>• We obtained understanding of the goodwill recognition and impairment assessment process of the Group.</li> <li>• Engaged our internal valuation experts to perform independent testing of the assumptions and methodologies used in management's calculation. We assessed the objectivity, competence and capabilities of our internal valuations team.</li> <li>• Reviewed management's basis for identifying the different cash generating units (CGUs) where goodwill is attributed to.</li> <li>• Performed test of completeness and accuracy of the key inputs such as carrying amounts and historical financials used in management's calculation.</li> </ul>

<b>Key Audit Matter</b>	<b>How our Audit Addressed the Key Audit Matter</b>
<p>The Group has goodwill with carrying amount of P1.77 billion (net of allowance for impairment of P74.29 million) that represents 6% of the Group's total assets. An annual Goodwill impairment review is performed by management in accordance with the requirements of Philippine Accounting Standard (PAS) 36, <i>Impairment of Assets</i>. Management's goodwill impairment review is identified as a key audit matter due to its complexity and requires significant management estimates, assumptions and judgment. Key assumptions used in management's impairment testing relate to the discount rate and terminal growth rate applied together with the assumptions supporting the underlying forecasted cash flows, in particular the revenue growth rates, cost ratios, and terminal value.</p>	<ul style="list-style-type: none"> <li>• Performed evaluation and tested reasonableness of assumptions, estimates, and judgments used in the valuation model that include, among others, the following:                             <ul style="list-style-type: none"> <li>○ inputs used in determining the Weighted Average Cost of Capital (WACC) with reference to comparable companies including assumptions applied in deriving the discount rate.</li> <li>○ revenue growth rates to historical data and terminal growth rates to externally derived data.</li> <li>○ cost ratios based on historical results.</li> </ul> </li> <li>• Tested the mathematical accuracy of the discounted cash flow and the CGU's carrying amount calculation.</li> <li>• Performed sensitivity analyses on a CGU-by-CGU basis to assess whether any portion of goodwill allocated to individual CGUs may be subject to impairment.</li> <li>• Evaluated the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.</li> </ul>
<p>c) <i>Group's debt position, liquidity situation and compliance with existing covenants</i></p> <p>Refer to Note 23.3 to the consolidated financial statements for the corresponding details on how the Group manages its liquidity needs.</p>	<p>Our audit procedures to address the matter on Group's debt position and ability to settle maturing obligations and comply with existing covenants included the following:</p> <ul style="list-style-type: none"> <li>• Obtained bank confirmation for all borrowings of the Group and inspected related documents including loan agreements and promissory notes.</li> </ul>

<b>Key Audit Matter</b>	<b>How our Audit Addressed the Key Audit Matter</b>
<p>As at December 31, 2025, the Group had total outstanding debt with banks and other financial institutions of P12.45 billion (Note 10), representing 39% of the Group's capital structure. The Group is subject to various financial covenants tied to its debt agreements, including maintaining specific financial ratios and limits on additional borrowing.</p> <p>A breach of these covenants could lead to accelerated repayment terms or penalties, which might significantly impact the Group's liquidity and financial position.</p> <p>This is identified as a key audit matter given the materiality of the Group's debt and the potential implications of non-compliance with covenants, assessing the Group's ability to meet its maturing obligations and comply with these financial obligations.</p>	<ul style="list-style-type: none"> <li>• Reviewed the key terms and conditions of the Group's major debt agreements to understand the specific covenants and obligation and discussed with management their process for monitoring compliance with these covenants.</li> <li>• We tested the Group's compliance with covenants as of the reporting date by recalculating covenant ratios and ensuring they were within the required thresholds. We inspected correspondence with lenders for any waivers or amendments related to covenant breaches.</li> <li>• We obtained and reviewed the Group's original and restructured loan agreements to assess the nature and significance of changes in contractual terms. We evaluated management's assessment of whether the restructuring resulted in a modification or derecognition of the loan and independently recalculated any resulting modification gain or loss by comparing the carrying amount and the present value of the modified contractual cash flows discounted at the original effective interest rate.</li> <li>• Validated any subsequent events up to the date of our audit report that might impact the Group's debt position or ability to comply with covenants, including new financing arrangements or changes in lender terms.</li> <li>• Evaluated the adequacy of the financial statement disclosures.</li> </ul>

### **Other information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the consolidated financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Other matter**

The consolidated financial statements of the Group as at and for the year ended December 31, 2023 were audited by another auditor whose report dated August 2, 2024 expressed an unmodified opinion on those statements.

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

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

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

Independent Auditor's Report  
To the Board of Directors and Stockholders of  
Chelsea Logistics and Infrastructure Holdings Corp.  
Page 11

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 this independent auditor's report is  
Pocholo C. Domondon.

**Isla Lipana & Co.**



Pocholo C. Domondon  
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 8, 2026 at Makati City

SEC A.N. (Individual) as general auditors 108839 - SEC, Category A;  
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2025 financial statements

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2024; issued on November 9, 2024; effective until November 8, 2027

BOA/PRC Reg. No. 0142/P-014, effective until November 14, 2028

Makati City  
April 8, 2026




Isla Lipana & Co.

## Statement Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Stockholders of  
**Chelsea Logistics and Infrastructure Holdings Corp.**  
(A subsidiary of Udenna Corporation)  
Stella Hizon Reyes Road  
Bo. Pampanga, Davao City

We have audited the accompanying consolidated financial statements of Chelsea Logistics and Infrastructure Holdings Corp. (the "Parent Company") and its Subsidiaries (the "Group") as at and for the years ended December 31, 2025 and 2024, on which we have rendered the attached report dated April 8, 2026. The supplementary information shown in the Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration and Map of the Group of Companies within which the Parent Company belongs, and Schedules A, B, C, D, E, F and G, as additional components required by the Revised Rule 68 of the SRC, are presented for the purposes of filing with the Securities and Exchange Commission and are not required part of the basic consolidated financial statements. Such supplementary information is the responsibility of the Group's management and has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised Rule 68 of the SRC.

**Isla Lipana & Co.**

  
Pocholo C. Domondon  
Partner  
CPA Cert. No. 108839  
P.T.R. No. 0011401; issued on January 8, 2026 at Makati City  
SEC A.N. (Individual) as general auditors 108839 - SEC, Category A;  
valid to audit 2021 to 2025 financial statements  
SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2025 financial statements  
T.I.N. 213-227-235  
BIR A.N. 08-000745-128-2024; issued on November 9, 2024; effective until November 8, 2027  
BOA/PRC Reg. No. 0142/P-014, effective until November 14, 2028

Makati City  
April 8, 2026

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,  
1226 Makati City, Philippines  
+63 (2) 8845 2728



## Statement Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Stockholders of  
**Chelsea Logistics and Infrastructure Holdings Corp.**  
(A subsidiary of Udenna Corporation)  
Stella Hizon Reyes Road  
Bo. Pampanga, Davao City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Chelsea Logistics and Infrastructure Holdings Corp. and its Subsidiaries (the "Group") as at and for the years ended December 31, 2025 and 2024, and have issued our report thereon dated April 8, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC 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 and for the years ended December 31, 2025 and 2024 and no material exceptions were noted.

### Isla Lipana & Co.

Pocholo C. Domondon  
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 8, 2026 at Makati City

SEC A.N. (Individual) as general auditors 108839 - SEC, Category A;  
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2025 financial statements

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Makati City  
April 8, 2026

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,  
1226 Makati City, Philippines  
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**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udena Corporation)

Consolidated Statements of Financial Position  
As at December 31, 2025 and 2024  
(All amounts in Philippine Peso)

	Notes	2025	2024
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	303,488,595	317,837,548
Trade and other receivables, net	3	1,026,179,770	652,019,783
Inventories	4	490,626,759	370,456,250
Advances to related parties	17	7,435,485,358	7,636,618,327
Other current assets	5	2,100,163,187	2,006,068,743
<b>Total current assets</b>		<b>11,355,943,669</b>	<b>10,983,000,651</b>
<b>Non-current assets</b>			
Investment properties	6	95,111,170	95,111,170
Property and equipment, net	7	18,526,042,537	18,063,144,033
Goodwill	21	1,774,083,332	1,774,083,332
Retirement benefit asset	14	2,085,771	1,992,064
Deferred income tax assets, net	16	86,710,163	109,368,990
Other non-current assets, net	9	283,202,361	386,172,854
<b>Total non-current assets</b>		<b>20,767,235,334</b>	<b>20,429,872,443</b>
<b>Total assets</b>		<b>32,123,179,003</b>	<b>31,412,873,094</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Trade and other payables	11	9,164,508,186	9,055,911,418
Loans and borrowings, current portion	10	2,172,884,409	2,112,867,004
Advances from related parties	17	289,000,000	504,000,000
Advances from customers	28.10	354,874,908	388,124,983
Income tax payable		50,611,310	30,674,588
<b>Total current liabilities</b>		<b>12,031,878,813</b>	<b>12,091,577,993</b>
<b>Non-current liabilities</b>			
Loans and borrowings, net of current portion	10	14,929,664,556	13,957,755,059
Retirement benefit obligation, net	14	374,712,607	310,039,822
Deferred income tax liabilities, net	16	608,133,750	774,366,393
Other non-current liabilities		4,307,877	18,378,637
<b>Total non-current liabilities</b>		<b>15,916,818,790</b>	<b>15,060,539,911</b>
<b>Total liabilities</b>		<b>27,948,697,603</b>	<b>27,152,117,904</b>
<b>Equity</b>			
Attributable to shareholders of the Parent Company			
Share capital	18	2,144,018,615	2,144,018,615
Additional paid-in capital	18	11,204,327,157	11,204,327,157
Share options outstanding	18	58,954,117	54,900,701
Revaluation reserves	18	1,486,780,231	1,849,585,883
Other reserves	18	(1,058,033,280)	(1,058,033,280)
Deficit	18	(9,841,565,440)	(10,114,043,886)
		3,994,481,400	4,080,755,190
Non-controlling interest	18	180,000,000	180,000,000
<b>Total equity</b>		<b>4,174,481,400</b>	<b>4,260,755,190</b>
<b>Total liabilities and equity</b>		<b>32,123,179,003</b>	<b>31,412,873,094</b>

The notes on pages 1 to 71 are integral part of these consolidated financial statements.

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Consolidated Statements of Total Comprehensive Income  
For the years ended December 31, 2025 and 2024  
(With comparative figures for the year ended December 31, 2023)  
(All amounts in Philippine Peso)

	Notes	2025	2024	2023
Revenues	22	9,016,244,776	8,007,232,841	7,047,698,048
Cost of sales and services	12	(7,164,024,956)	(6,550,257,544)	(5,598,374,534)
Gross income		1,852,219,820	1,456,975,297	1,449,323,514
Operating expenses	13	(1,127,957,175)	(1,074,448,553)	(1,397,808,992)
(Provision for expected credit losses on receivables) reversal of provision for expected credit losses on receivables	3	(6,424,700)	48,386,857	(95,276,386)
<b>Operating income (loss)</b>		<b>717,837,945</b>	<b>430,913,601</b>	<b>(43,761,864)</b>
Other (expenses) income, net				
Finance costs	15	(1,054,550,618)	(1,044,583,159)	(1,227,384,987)
Gain on reversal of trade and other payables	11	327,691,260	34,521,018	92,451,340
Gain on debt modification	10	22,312,872	471,893,237	241,501,013
Impairment losses on property and equipment	7	(77,985,973)	(18,151,241)	(15,919,578)
Finance income	15	1,733,568	1,341,662	1,115,715
Loss on pretermination of lease	10	(2,836,403)	-	-
Gain on sale of investment property	6	-	458,037,754	-
Gain on sale of investment in associate	8	-	-	96,046,458
Impairment loss on investment in a joint venture	8	-	-	(81,001,439)
Other gain (loss), net	15	132,779,177	(65,123,864)	(110,248,757)
		(650,856,117)	(162,064,593)	(1,003,440,235)
<b>Income (loss) before income tax</b>		<b>66,981,828</b>	<b>268,849,008</b>	<b>(1,047,202,099)</b>
Income tax expense	16	(16,848,753)	(91,453,878)	(95,628,671)
<b>Income (loss) for the year</b>		<b>50,133,075</b>	<b>177,395,130</b>	<b>(1,142,830,770)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be subsequently reclassified to profit or loss</i>				
Revaluation of vessels	7, 18	(168,531,941)	218,916,615	839,224,129
Remeasurement of retirement benefit obligation	14, 18	(18,661,677)	14,425,595	(6,291,481)
Income tax benefit (expense)	16	46,810,821	(58,973,846)	(243,380,779)
		(140,382,797)	174,368,364	589,551,869
<i>Item that will be reclassified subsequently to profit or loss</i>				
Currency exchange differences on translating financial statements of foreign operations		(77,484)	(239,702)	(266,430)
<b>Other comprehensive (loss) income for the year, net</b>		<b>(140,460,281)</b>	<b>174,128,662</b>	<b>589,285,439</b>
<b>Total comprehensive (loss) income for the year</b>		<b>(90,327,206)</b>	<b>351,523,792</b>	<b>(553,545,331)</b>
<b>Earnings (loss) per share</b>				
Basic and diluted		0.023	0.083	(0.587)

The notes on pages 1 to 71 are integral part of these consolidated financial statements.

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2025 and 2024  
(With comparative figures for the year ended December 31, 2023)  
(All amounts in Philippine Peso)

	Note	Capital Stock (Note 18)	Additional paid-in capital (Note 18)	Share options outstanding (Note 18)	Revaluation reserves (Note 18)	Other reserves (Note 18)	Deficit (Note 18)	Total	Non-controlling interest (Note 18)	Total equity
<b>Balance as at January 1, 2023</b>		1,916,227,615	10,709,745,157	41,572,709	1,491,255,887	(1,058,033,280)	(9,553,692,351)	3,547,075,737	180,000,000	3,727,075,737
<b>Transaction with owners</b>										
Collection of subscription during the year	18	150,000,000	339,000,000	-	-	-	-	489,000,000	-	489,000,000
Issuance of common shares during the year	18	77,791,000	155,582,000	-	-	-	-	233,373,000	-	233,373,000
Total transactions with owners		227,791,000	494,582,000	-	-	-	-	722,373,000	-	722,373,000
<b>Comprehensive loss</b>										
Loss for the year		-	-	-	-	-	(1,142,830,770)	(1,142,830,770)	-	(1,142,830,770)
Other comprehensive income for the year		-	-	-	589,285,439	-	-	589,285,439	-	589,285,439
Total comprehensive loss for the year		-	-	-	589,285,439	-	(1,142,830,770)	(553,545,331)	-	(553,545,331)
Share based compensation	18	-	-	8,368,067	-	-	-	8,368,067	-	8,368,067
Transfer of revaluation reserves through depreciation, net of tax	18	-	-	-	(163,471,690)	-	163,471,690	-	-	-
<b>Balance as at December 31, 2023</b>		2,144,018,615	11,204,327,157	49,940,776	1,917,069,636	(1,058,033,280)	(10,533,051,431)	3,724,271,473	180,000,000	3,904,271,473
<b>Comprehensive income</b>										
Income for the year		-	-	-	-	-	177,395,130	177,395,130	-	177,395,130
Other comprehensive income for the year		-	-	-	174,128,662	-	-	174,128,662	-	174,128,662
Total comprehensive income for the year		-	-	-	174,128,662	-	177,395,130	351,523,792	-	351,523,792
Share based compensation	18	-	-	4,959,925	-	-	-	4,959,925	-	4,959,925
Transfer of revaluation reserves through depreciation, net of tax	18	-	-	-	(241,612,415)	-	241,612,415	-	-	-
<b>Balance as at December 31, 2024</b>	18	2,144,018,615	11,204,327,157	54,900,701	1,849,585,883	(1,058,033,280)	(10,114,043,886)	4,080,755,190	180,000,000	4,260,755,190
<b>Comprehensive income</b>										
Income for the year		-	-	-	-	-	50,133,075	50,133,075	-	50,133,075
Other comprehensive loss for the year		-	-	-	(140,460,281)	-	-	(140,460,281)	-	(140,460,281)
Total comprehensive loss for the year		-	-	-	(140,460,281)	-	50,133,075	(90,327,206)	-	(90,327,206)
Share based compensation	18	-	-	4,053,416	-	-	-	4,053,416	-	4,053,416
Transfer of revaluation reserves through depreciation, net of tax	18	-	-	-	(222,345,371)	-	222,345,371	-	-	-
<b>Balance as at December 31, 2025</b>	18	2,144,018,615	11,204,327,157	58,954,117	1,486,780,231	(1,058,033,280)	(9,841,565,440)	3,994,481,400	180,000,000	4,174,481,400

The notes on pages 1 to 71 are integral part of these consolidated financial statements.

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Consolidated Statements of Cash Flows  
For the years ended December 31, 2025 and 2024  
(With comparative figures for the year ended December 31, 2023)  
(All amounts in Philippine Peso)

	Notes	2025	2024	2023
<b>Cash flows from operating activities</b>				
Income (loss) before tax		66,981,828	268,849,008	(1,047,202,099)
Adjustments for:				
Depreciation and amortization	7,9	1,905,075,167	1,690,379,027	1,353,139,809
Interest expense	15	1,054,550,618	1,044,583,159	1,227,384,987
Unrealized foreign currency exchange losses (gains), net	15	121,329,468	28,930,399	(9,610,837)
Impairment losses on property and equipment	7	77,985,973	18,151,241	15,919,578
Retirement benefit expense, net	14	42,012,220	194,495,688	34,865,658
Loss (gain) on sale of property and equipment	7,15	8,964,497	(8,405,252)	161,386,160
Provision for (reversal of provision for) expected credit losses on receivables	3	6,424,700	(48,386,857)	95,276,386
Share option benefit expense	18	4,053,416	4,959,925	8,368,067
Loss (gain) on lease pre-termination	10	2,836,403	-	(6,191,781)
Gain on reversal of trade and other payables	10	(327,691,260)	(34,521,018)	(92,451,340)
Gain on debt modification	10	(22,312,872)	(471,893,237)	(241,501,013)
Interest income	15	(1,733,568)	(1,341,662)	(1,115,715)
Gain on sale of investment property	6	-	(458,037,754)	-
Gain on sale of investment in an associate	8	-	-	(96,046,458)
Impairment loss on investment in joint venture	8	-	-	81,001,439
Operating income before working capital changes		2,938,476,590	2,227,762,667	1,483,222,841
(Increase) decrease in				
Trade and other receivables		(323,073,899)	19,223,531	71,916,188
Inventories		(120,170,509)	(97,824,141)	(4,118,050)
Advances to related parties		(70,741,998)	(10,365,540)	(6,973,637)
Other current assets		(155,141,089)	(15,998,721)	(323,016,223)
Increase (decrease) in				
Trade and other payables		450,546,963	(444,590,593)	(329,445,498)
Advances from customers		(33,250,075)	(48,251,998)	186,792,991
Other non-current liabilities		(14,070,760)	(18,779,240)	33,222,377
Cash generated from operations		2,672,575,223	1,611,175,965	1,111,600,989
Interest received		1,639,862	1,341,662	1,115,715
Contributions to the retirement plan asset		(592,658)	(1,435,130)	-
Benefits paid from operating funds		(13,681,525)	(4,211,006)	(2,432,149)
Cash paid for income taxes		(32,705,866)	(31,340,569)	(6,340,330)
Net cash from operating activities		2,627,235,036	1,575,530,922	1,103,944,225
<b>Cash flows from investing activities</b>				
Acquisitions of property and equipment	7	(815,425,827)	(663,293,384)	(628,253,055)
Decrease in other non-current assets	9	97,844,033	388,202,930	(196,886,455)
Proceeds from disposal of property and equipment	7	41,186,550	8,405,252	220,558,217
Proceeds from disposal of investment in associate	8	-	-	198,000,001
Acquisition of software	9	-	-	(1,300,447)
Net cash used in investing activities		(676,395,244)	(266,685,202)	(407,881,739)
<b>Cash flows from financing activities</b>				
Interest paid	10	(897,398,390)	(679,993,381)	(717,695,246)
Repayments of loans and borrowings	10	(1,151,267,030)	(714,347,830)	(711,100,382)
Proceeds from loans and borrowings	10	83,396,504	11,724,600	425,000,000
Collection of subscription receivable	18	-	-	489,000,000
Repayment of advances from related parties	17	-	-	(25,490,390)
Net cash used in financing activities		(1,965,268,916)	(1,382,616,611)	(540,286,018)
<b>Net (decrease) increase in cash and cash equivalents</b>		(14,429,124)	(73,770,891)	155,776,468
Cash and cash equivalents at beginning of year		317,837,548	392,586,988	236,810,520
Effect of foreign exchange changes in cash		80,171	(978,549)	560,683
<b>Cash and cash equivalents at end of year</b>	2	303,488,595	317,837,548	392,586,988

The notes on pages 1 to 71 are integral part of these consolidated financial statements.

## **Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**

(A subsidiary of Udenna Corporation)

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

(With comparative figures for the year ended December 31, 2023)

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

### **1 Corporate Information**

#### **1.1. Information and operations**

Chelsea Logistics and Infrastructure Holdings Corp. (CLC or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) as Chelsea Shipping Group Corp. on August 26, 2016 primarily to subscribe for, invest and re-invest in, purchase, or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, deal in and hold investment or otherwise, any and all properties of every kind and description and wherever situated, including but not limited to shares of stocks, bonds, debentures, notes, evidences of indebtedness, promissory notes, or other securities or obligations, created, negotiated or issued by any corporation, association, or other entity, including, but not limited to, securities in corporations engaged in shipping and logistics.

On August 8, 2017, the shares of stock of the CLC were listed at the Philippine Stock Exchange (PSE).

On April 4, 2022, the SEC approved CLC's application for increase in authorized capital stock. The approval resulted in the increase in Udenna Corporation's (Udenna or the Ultimate Parent Company) effective ownership interest in CLC from 70% in 2021 to 75% in 2022. In October 2023, CLC entered into debt-to-equity conversion agreements with two of its lenders as part of its liability management exercise, reducing Udenna's effective ownership interest to 72.55% (Note 18.1).

The Parent Company is a subsidiary of Udenna, a company primarily organized to purchase, acquire, take over and manage all or any part of the rights, assets, business and property; undertake and assume the liabilities of any person, firm, association, partnership, syndicate of corporation; and to engage in the distribution, selling, importation, installation of pollution control devices, units and services, and all Other pollution control related products and emission test servicing. The registered office of CLC and Udenna, which is also their principal place of business, is located at Stella Hizon Reyes Road, Bo. Pampang, Davao City.

As at December 31, 2025 and 2024, the Parent Company has 35 shareholders, 26 of which holds at least 100 common shares each. The Parent Company's major shareholders are Udenna and its directors holding 72.70% of its total issued shares and the remaining 27.30% of total issued shares as at December 31, 2025 and 2024 are held by the public.

## 1.2 Subsidiaries, associate and their operations

As at December 31, the Parent Company holds ownership interests in the following subsidiaries and associate:

Company Name	Notes	Percentage of Ownership	
		2025	2024
Subsidiaries through direct interest:			
Chelsea Shipping Corp. (CSC)	a	100%	100%
Trans-Asia Shipping Lines, Incorporated (Trans-Asia)	b	100%	100%
Udena Investments B. V. (UIBV)	c	100%	100%
Starlite Ferries, Inc. (Starlite)	d	100%	100%
Worklink Services, Inc. (WSI)	e	100%	100%
TASLI Services, Incorporated (TSI)	f	100%	100%
The Supercat Fast Ferry Corporation (SFFC)	g	100%	100%
Subsidiaries through indirect interest:			
Bunkers Manila, Inc. (BMI) <sup>1</sup>	h	100%	100%
Michael, Inc. (MI) <sup>1</sup>	i	100%	100%
PNX-Chelsea Shipping Corp. (PNX-Chelsea) <sup>1</sup>	j	100%	100%
Chelsea Ship Management & Marine Services Corp. (CSMMSC) <sup>1</sup>	k	100%	100%
Fortis Tugs Corporation (FTC) <sup>1</sup>	l	100%	100%
Davao Gulf Marine Services, Inc. (DGMSI) <sup>2</sup>	l	100%	100%
Chelsea Marine Manpower Resources, Inc. (CMMRI) <sup>1</sup>	m	100%	100%
Chelsea Dockyard Corporation (CDC) <sup>1</sup>	n	100%	100%
CD Ship Management and Marine Services Corp. (CDSMMSC) <sup>1</sup>	o	100%	100%
Chelsea Shipping and Logistics Singapore Pte. Ltd. (CSLSP) <sup>1</sup>	p	-	100%
Quality Metals & Shipworks, Inc. (QMSI) <sup>3</sup>	q	100%	100%
Oceanstar Shipping, Inc. (Oceanstar) <sup>3</sup>	r	100%	100%
Dynamic Cuisine, Inc. (DCI) <sup>3</sup>	s	100%	100%
Starsy Shoppe, Inc. (SSI) <sup>3</sup>	t	100%	100%
Star Maritima Port and Allied Services (Star Maritima) <sup>3</sup>	u	100%	100%
Starbites Food Services Corp. (Starbites) <sup>4</sup>	v	100%	100%
Starlite Gallant Ferries, Inc. (SGFI) <sup>4</sup>	d	100%	100%
Starlite Premiere Ferries, Inc. (SPFI) <sup>4</sup>	d	100%	100%
Precision Supply Chain Solution, Inc.4 (Precision) <sup>4</sup>	z	100%	100%
Big Hub Transport and Logistics Corp. (Big Hub) <sup>3</sup>	w	100%	100%
Chelsea Business Solutions Corp.(CBSC) <sup>4</sup>	aa	100%	100%
KGLI-NM Holdings, Inc. (KGLI-NM) <sup>5</sup>	x	100%	100%
Associate:			
Dito Holdings Corporation (DHC) <sup>6</sup>	y	3.67%	8.59%

<sup>1</sup>Wholly owned subsidiary of CSC

<sup>2</sup>Wholly owned subsidiary of FTC

<sup>3</sup>Wholly owned subsidiary of Trans-Asia

<sup>4</sup>Wholly owned subsidiary of Starlite

<sup>5</sup>60.29% owned by CLC and 39.71% owned by UIBV, based on voting rights

<sup>6</sup>Reclassified to financial assets at fair value through other comprehensive income in 2025

Except for UIBV and CSLSP, which were organized and incorporated in the Netherlands and Singapore, respectively, all the subsidiaries and associates were organized and incorporated in the Philippines.

- a. Incorporated on July 17, 2006 and is engaged in the business of maritime trade in the conveyance or carriage of petroleum products, goods, wares and merchandise of every kind, over domestic and international oceans, seas, lakes, rivers, canals, harbours, and other waterways in the Philippines.
- b. Incorporated on March 25, 1974 and is engaged in the transport of passengers and cargoes within Philippine territorial waters and/or in the high seas. Trans-Asia was acquired by the Parent Company on December 12, 2016.
- c. Incorporated on August 25, 1994 under the laws of the Netherlands, having its corporate seat in Amsterdam, and is incorporated to participate in, to administer, to finance, to conduct the management of and to render advice and services to other companies and enterprises. UIBV is formerly known as KGL Investment B.V, a private company with limited liability.

UIBV owns 80% economic interest and 39.71% of the voting rights in KGLI-NM.

- d. Incorporated on August 25, 1994 and is primarily engaged in general business of domestic shipping, to own and operate vessels of any class, type of description for domestic trade, to charter in and out any such vessel. and operate vessel of any class, type or description for domestic trade; and, to charter in and out any vessel. SFI was acquired by the Parent Company on November 9, 2017.

On August 10, 2018 and October 22, 2018, Starlite acquired all of the outstanding shares of stock of SGFI and SPFI, respectively. Both companies are primarily engaged in the general business of domestic shipping; to own and operate vessel of any class, type or description for domestic trade; and, to charter in and out any vessel.

- e. Incorporated on June 2, 1994 and is engaged in logistics services such as but not limited to cargo freight forwarding (air, land and sea), cargo consolidation, courier services, distribution, trucking, warehousing, customs brokerage, packing and crafting, etc. WSI was acquired by the Parent Company on November 8, 2017.
- f. Incorporated on September 2, 2019 and is primarily engaged in shipping agency business and maritime operation and services.
- g. Incorporated on June 20, 2001 and is primarily engaged in domestic shipping business - transporting both passenger and cargoes, to own, operate, and charter vessels of any class or type, and to own, control, construct and operate passenger terminals.
- h. Incorporated on March 7, 2000 and is established to serve the growing demand of marine fuel (bunker) of foreign vessels calling on the ports of the Philippines and hauling of marine fuel and petroleum products for major oil companies.
- i. Incorporated on December 26, 1957 and is engaged in the business of acquiring and operating floating equipment for charter or hire, and for the conveyance and carriage of goods, wares, and merchandise of every description in the Philippines coastwise traffic without any fixed schedule.
- j. Incorporated on February 2, 2011 and is engaged in the ownership and operation of vessels for domestic trade for the purpose of conveyance or carriage of petroleum products, goods, wares and merchandise of every kind and description.
- k. Incorporated on March 30, 2012 and is engaged in the business of ship management and to act as agent, broker, ship handler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels.

- l. Incorporated on April 8, 2013 and is engaged in the towage and salvage of marine vessels and other crafts including their cargoes upon seas, lakes, rivers, canals, bays, harbours, and other waterways between the various ports of the Philippines.

On December 15, 2016, FTC acquired 100% of the outstanding capital stock of DGMSI, a Davao-based tug service provider. DGMSI is engaged in, operates, conducts, and provides tug and marine services to all vessels, foreign or coastwise that dock and undock in the District Port of Davao and all other ports in the Philippines.

- m. Incorporated on June 9, 2016 and is primarily engaged in the business of providing full and partial crewing for domestic and foreign vessels, to act as the authorized representative and crew manager of shipping companies, and to provide allied maritime services for said vessels and companies.
- n. Incorporated on January 8, 2018 and is engaged in the general business of building and repair of ships, boats and other kinds of vessels as well as in ship breaking activities.
- o. Incorporated on March 14, 2018 to primarily engage in the business of ship management and to act as agent, broker, ship chandler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels.
- p. Incorporated and domiciled in the Republic of Singapore and is primarily engaged in the business and management consultancy services. On July 26, 2025, CSLP was struck off from the register of companies in the Republic of Singapore. As a result, it was deconsolidated at the date the control was lost.
- q. Incorporated on November 28, 2007 and is engaged in machining and mechanical works on ship machineries and industrial plants.
- r. Incorporated on July 6, 2006 primarily to engage in the business of domestic shipping for the transportation of passengers and cargoes with territorial waters and/or in the high seas and is presently engaged in the charter or lease of maritime vessels.
- s. Incorporated on June 21, 2000 primarily to establish and maintain restaurant, coffee shops, refreshment parlors, cocktail lounges and cater goods, drinks, refreshments and other food commonly served in such establishments.
- t. Incorporated on December 31, 2005 and is engaged in the purchase of all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation for purposes of selling the same on retail or wholesale, either local and/or through importation.
- u. Incorporated on October 11, 2018 and is primarily engaged in arrastre services. As at December 31, 2025, Star Maritima has not yet started commercial operations.
- v. Incorporated on June 27, 2018 and is engaged to purchase all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation, for purposes of selling the same on retail or wholesale locally.
- w. Incorporated on November 14, 2018 and is primarily engaged to act as cargo consolidator, to engage in the business of transporting by land natural persons and/or their baggage, cargo, goods merchandise or effects, and to own, lease or charter, offer for lease or charter or operate land vehicles such as, but not limited to buses, cars, jeeps or vans.
- x. Organized under Philippines laws and registered with SEC on August 8, 2008 as an investment holding company

- y. Incorporated on November 4, 2019 and is primarily engaged to acquire, hold, sell, exchange, deal and invest in real or personal property of all kinds, including stocks, bonds, or securities of any public or private corporation, including any government or any subdivision thereof, in the same manner and to the extent as a natural person might, could, or would do, to exercise all the rights, powers, and privileges of ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes, without however managing securities, portfolio, or funds of the managed entity or firm, nor shall the corporation act as a stock dealer in securities or broker, nor engage in investment solicitation nor take investments from the public sector. The Parent Company initially subscribed to 41.67% ownership interest in DHC on November 4, 2019. DHC has not yet started commercial operations as of December 31, 2025.

In 2023, the SEC approved the increase in authorized capital stock of DHC, which resulted in the dilution of the Parent Company's ownership interest in DHC from 10.54% to 8.59% upon subscription by another investor of additional P2.2 billion in DHC. Such dilution did not result in cessation of significant influence of the Parent Company over DHC.

In 2025, the Parent Company's ownership interest in DHC was further diluted to 3.67% which resulted in cessation of significant influence over DHC. Consequently, the investment was reclassified from an investment in associate to a financial asset at fair value through other comprehensive income (FVOCI).

- z. Incorporated on December 28, 2023 and is primarily engaged to provide complete foreign and domestic end to end logistics, and distribution services for any and all kinds of goods including last mile delivery through the use of all available motor vehicles and vessels, aircraft, and to operate the necessary warehouses in connection with said logistics and distribution services.
- aa. Incorporated on November 2, 2024 and is primarily engaged in the general business of a one-stop shop providing travel products and services for domestic and international travels including transportation arrangements, accommodations and travel packages. CBSC has not yet started commercial operations as at December 31, 2025.

CLC together with CSC, Trans-Asia, UIBV, Starlite, WSI, TSI, SFFC, KGLI-NM and their respective subsidiaries are collectively referred herein as the Group.

### **1.3 Status of the Group's operations**

The Group entered 2025 by transitioning from post-pandemic recovery to a focused phase of strategic modernization and digital integration. Capitalizing on the Philippine economy's steady performance in 2024, the Group successfully navigated an evolving maritime landscape. As the volatility of fuel prices and interest rates began to subside, 2025 provided the stability needed to pivot the Group's focus toward fleet efficiency, environmental compliance, and long-term sustainability.

Throughout the year, the Group accelerated its strategic roadmap by prioritizing operational agility and fiscal discipline through several key initiatives:

- Building on the 2024 fleet of 54 vessels, the Group finalized the acquisition of a new ROPAX (Roll-on/Roll-off Passenger) vessels through a strategic partnership with a premier Japanese shipbuilder. To meet surging market demand, two (2) additional vessels were chartered.
- Optimized its network by rationalizing routes and deploying assets to high-yield corridors, ensuring reliable schedules and maximized load factors.
- Maintained a lean cost structure by reducing non-essential capital expenditures and deferring discretionary spending.
- Invested in upskilling existing personnel to maximize internal talent, fostering a culture of motivation and holistic employee well-being.
- Divested from underperforming assets to streamline the Group's portfolio.
- Secured extended payment terms with key business partners and suppliers.
- Remained committed to innovation, leveraging digitalization to boost productivity and elevate the customer experience.
- Prioritized statutory compliance and risk-mitigation frameworks to ensure long-term environmental, social, and governance stability.
- Continued Liability Management Exercise (LME) to restructure debt, ensuring a sustainable maturity profile.

Driven by the successful execution of these initiatives, the Group has shifted from a recovery mindset to a trajectory of sustainable expansion. This operational resilience, maintained despite external pressures, has significantly fortified the Group's market position.

Based on these fundamental improvements, the Group anticipates generating adequate cash flows sufficient to support all ongoing activities. Consequently, Management has concluded that there is no material uncertainty regarding the Group's ability to continue as a going concern.

#### 1.4 Approval of consolidated financial statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2025 were authorized and approved for issuance by the Parent Company's Board of Directors (BOD) on April 8, 2026.

## 2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2025	2024
Cash on hand	112,770,764	77,944,477
Cash in banks	176,341,685	226,184,112
Cash equivalents	14,376,146	13,708,959
	303,488,595	317,837,548

Cash in banks generally earn interest based on daily bank deposit rates. Cash equivalents represent short-term placements in local banks with varying periods from 30 to 90 days and earn effective interest ranging from 1.00% to 3.50% per annum.

Cash in banks as at December 31, 2025 does not include portion amounting to P111,008,359 (2024 - P9,291,065), related to a cash reserved for principal and interest payments for certain loans (Note 10.1), thus, is not available for the general use of the Group. This is presented as restricted cash under other current assets and other non-current assets in the consolidated statements of financial position (Notes 5 and 9).

## 3 Trade and other receivables, net

Trade and other receivables, net as at December 31 consist of:

	Notes	2025	2024
Trade receivables			
Third parties		1,385,279,328	1,324,965,685
Related parties	17.1	55,471,143	55,471,143
Allowance for expected credit loss (ECL) on receivables		(739,614,747)	(880,078,151)
Trade receivables, net		701,135,724	500,358,677
Due from agencies		128,720,154	77,380,118
Demurrage receivable		62,700,000	-
Non-trade receivables	17.4	56,874,967	-
Advances to officers and employees		19,466,278	22,900,011
Claims receivables		8,352,792	5,094,404
Others		48,929,855	46,286,573
		1,026,179,770	652,019,783

Trade receivables are non-interest bearing and generally have a 30 to 60 days term.

Due from agencies represent claims from authorized agents for tickets sold to customers and generally have a 7 to 15 days term.

Demurrage receivable represents recoverable charges arising from delays beyond contractually agreed periods, as stipulated in the relevant service agreements. The amount is collectible within 12 months.

Claims receivables refer to insurance claims from the retirement of certain vessels and charges made by the customers to the Group for claims on damages due to handling of goods and/or cargoes. These are reimbursable from the transacting agency.

Non-trade receivables pertain to advances to a previous associate which were reclassified from advances to related party following a cease in significant influence in this entity (Note 17.4). This is non-interest bearing and is collectible on demand and in cash.

Advances to officers and employees represent unsecured, non-interest-bearing cash advances for expenditures and are subject to liquidation.

The Group's trade and other receivables have been assessed for impairment using the expected credit loss (ECL) methodology. Based on the assessment made using the provisional matrix as determined by the management, adequate allowance for ECL on trade receivables from third parties has been provided as at December 31, 2025 and 2024. For other receivables, management assessed that the balance as at December 31, 2025 and 2024 are collectible in full.

A reconciliation of the allowance for expected credit losses on trade receivables from third parties as at December 31 are as follows:

	2025	2024
Balance at beginning of the year	880,078,151	1,063,260,048
Provision for ECL during the year	6,424,700	-
Reversal of ECL during the year	-	(48,386,857)
Write offs during the year	(146,888,104)	(134,795,040)
Balance at end of the year	739,614,747	880,078,151

Certain trade receivables from third parties amounting to P300.3 million as at December 31, 2025 (2024 - P303.7 million) were used as collateral to secure the payment of the Group's interest-bearing loans (Notes 10.1 - b.1, 10.1 - d.1, 10.1 - f2 and 10.1 - f.4).

For the year ended December 31, 2025, the Group wrote-off trade receivables amounting to P146.9 million (2024 - P134.8 million) pertaining to claims from customers that are inactive for more than five (5) years or confirmed by a third-party collection agent to be uncollectible.

#### *Critical accounting estimate - ECL on trade and other receivables*

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgments. In determining the ECL of trade receivables, the Group used three years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in inflation rate and gross domestic product to reflect the current and forward-looking information.

Any change in the Group's assessment of the collectability of trade and other receivables could impact the recorded carrying amount of receivables and related provision for impairment.

#### 4 Inventories

Inventories, at cost, which are lower than their net realizable values as at December 31 consist of:

	Note	2025	2024
Spare parts		225,779,182	182,233,861
Fuel and lubricants	17.2	186,649,062	88,082,471
Shipping supplies		58,731,133	66,014,706
Food, beverage and other supplies		19,467,382	34,125,212
		490,626,759	370,456,250

Spare parts include inventory items such as bearings, cylinders, fuel injectors and other items used for the routine repair, maintenance or replacement of vessel that do not meet the definition of property and equipment in accordance with PAS 16, Property, Plant and Equipment.

Costs incurred relating to these inventories, such as bunkering, repairs and maintenance and supplies are presented under the cost of sales and services in the consolidated statements of total comprehensive income (Note 12).

As at December 31, 2025 and 2024, there are no inventories pledged as security for any of the Group's liabilities.

No provision for inventory losses has been recognized for the years ended December 31, 2025 and 2024.

##### *Critical accounting judgment - Recoverability of inventories*

Provision against the carrying value of inventories is recognized if there is an indication that the cost of the inventories may not be recovered for slow-moving and non-moving inventories. In these cases, management uses judgment and assessment based on available facts and circumstances including but not limited to historical experience and the net realizable value of inventories at the time of disposal. The evaluation of the inventories, including adequacy of recorded provision, is performed on a continuous basis throughout the year.

The carrying values of the inventories at the end of the reporting period and the amount and timing of recorded provision for any period could be materially affected by actual experience and changes in such judgment and assessment such as effect of obsolescence, competition in the market and changes in prices.

As at December 31, 2025 and 2024, management assessed that the net realizable value of inventories is higher than cost.

#### 5 Other current assets

Other current assets as at December 31 consist of:

	Notes	2025	2024
Input value added taxes (VAT), current portion		673,213,598	771,646,099
Creditable withholding taxes		561,956,349	526,715,281
Advance to suppliers		533,460,128	509,508,404
Prepayments		220,524,753	189,243,006
Restricted cash, current portion	2, 10	111,008,359	8,955,953
		2,100,163,187	2,006,068,743

Creditable withholding tax pertains to advance payments of income tax withheld by customers and remitted to BIR and can be used against future income tax payable.

Advances to suppliers pertain to the Group's advance payments for the purchases of goods and services, other than those capitalizable purchases, that are yet for delivery or to be performed to the Group.

Input VAT as at December 31, 2025 includes deferred input VAT on services rendered to the Group that remains unpaid amounting to P269,870,620 (2024 - P385,209,886).

Prepayments mainly pertain to prepaid taxes and licenses, rentals, and insurance.

Restricted cash represents bank accounts that are reserved for debt service requirements in relation to certain loans of the Group and surety bond posted for a tax or duty exemption for the delivery of a certain vessel (Note 10.1 - f.4).

*Critical accounting judgment: Recoverability of input VAT and creditable withholding taxes*

In determining the recoverable amount of input VAT and creditable withholding taxes, management considers the probability of future transactions that will be available against which the input VAT and creditable withholding taxes can be utilized, including adequacy of and compliance with the required documentation for anticipated tax audits in case the entities within the Group opted to file for refund with the tax authorities in the future.

Management uses judgment based on the best available facts and circumstances, including but not limited to, the adequacy of documentation, timely filing of application with the tax authority and evaluation of the individual tax credit claim's future recoverability and utilization. As of reporting date, management believes that it will be able to recover these input VAT and creditable withholding taxes on the following basis:

- Input VAT carried in the VAT returns and creditable withholding taxes carried in income tax returns do not expire and can be used against future output VAT obligations and income tax payable, respectively. As disclosed in Note 1, the Group has identified target projects and business ventures that will generate revenues subject to VAT and income tax; and
- The Group has the option to apply for a tax refund on unused input VAT within a period of two (2) years.

## 6 Investment properties

The Group's investment properties include a parcel of land located at Brgy. Ligid-Tipas, Taguig City. This was acquired by the Group in the prior years for WSI's warehousing operations. Pursuant to the plan of the Group to venture into e-Commerce business, the management has deemed that the use of the properties is currently undetermined.

The gross carrying amounts of investment properties as at December 31 are shown below:

	2025	2024
Balance at beginning of the year	95,111,170	1,270,907,961
Disposal during the year	-	(1,175,796,791)
Balance at end of the year	95,111,170	95,111,170

In 2024, the Group entered into a Deed of Assignment (Dacion En Pago) with China Banking Corporation (CBC) assigning its rights and ownership to a certain portion of its investment property with a carrying value of P1,175.8 million to CBC for a total consideration of P1,633.8 million. The consideration was offset as full payment to the outstanding loan of the Parent Company amounting to P800.0 million and unpaid interest of the Parent Company amounting to P213.8 million and partial payments to unpaid interest on loans of CSC and Tran-Asia with CBC amounting to P620.0 million (Note 10.1 - b.3). This resulted to a gain on sale of investment property amounting to P458.0 million presented under other (expenses) income, net in the consolidated statements of total comprehensive income. The application of the consideration related to the deed of assignment as full payment to the outstanding loan and unpaid interests and gain on sale of investment property are considered as non-cash transactions in the consolidated statements of cash flows for the year ended December 31, 2024.

The property of the Group as at December 31, 2025 and 2024 with net carrying amount of P95.1 million was used as a collateral to secure payment of the Group's term loan (Note 10.1 - b.3).

Investment property is measured using the cost model.

Fair value measurement and disclosures related to the investment property are presented in Note 25.3. The fair value disclosed in Note 25.3 to the consolidated financial statements is determined by the Group using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations.

## 7 Property and equipment, net

The details and movements of the Company's property and equipment, net as at and for each of the three years ended December 31 are shown below:

	Land	Vessels and vessel equipment	Transportation equipment	Building and leasehold improvements	Office furniture, fixture and equipment	Right-of-use assets	Construction in progress (CIP)	Total
<b>Cost or revalued amounts</b>								
January 1, 2023	213,761,703	25,468,068,867	203,988,390	224,641,523	175,578,549	3,899,937,372	207,129,013	30,393,105,417
Additions	-	436,268,682	1,178,571	8,787,333	7,404,690	17,843,959	172,359,763	643,842,998
Disposals/write-off	-	(478,884,832)	(18,034,594)	-	(4,116,549)	-	-	(501,035,975)
Revaluation increment	-	3,916,514,432	-	-	-	-	-	3,916,514,432
Lease termination	-	-	-	-	-	(150,482,180)	-	(150,482,180)
Reclassifications	-	320,485,186	-	-	-	(151,891,463)	(168,593,723)	-
December 31, 2023	213,761,703	29,662,452,335	187,132,367	233,428,856	178,866,690	3,615,407,688	210,895,053	34,301,944,692
Additions	-	545,639,472	17,794,137	11,458,952	16,182,701	659,318,447	153,764,809	1,404,158,518
Disposals/write-off	-	(625,519,955)	(26,919,810)	-	(1,861,889)	-	-	(654,301,654)
Revaluation decrement	-	(1,691,034,740)	-	-	-	-	-	(1,691,034,740)
Lease termination	-	-	-	-	-	(83,336,196)	-	(83,336,196)
Reclassifications	-	60,050,626	-	-	-	-	(60,050,626)	-
December 31, 2024	213,761,703	27,951,587,738	178,006,694	244,887,808	193,187,502	4,191,389,939	304,609,236	33,277,430,620
Additions	-	408,081,333	18,658,396	17,822,050	22,404,313	1,775,894,610	209,266,361	2,452,127,063
Disposals/write-off	-	(1,930,578,187)	(27,489,164)	(1,823,792)	(8,667,512)	-	-	(1,968,558,655)
Lease termination	-	-	-	-	-	(104,133,628)	-	(104,133,628)
Lease modification	-	-	-	-	-	235,543,368	-	235,543,368
Revaluation decrement	-	(1,170,420,319)	-	-	-	-	-	(1,170,420,319)
Reclassifications	-	142,768,650	-	-	-	-	(142,768,650)	-
December 31, 2025	213,761,703	25,401,439,215	169,175,926	260,886,066	206,924,303	6,098,694,289	371,106,947	32,721,988,449
<b>Accumulated depreciation and amortization</b>								
January 1, 2023	-	(10,251,521,274)	(164,676,189)	(76,678,607)	(159,329,139)	(552,886,436)	-	(11,205,091,645)
Disposals/write-off	-	101,875,942	13,099,107	-	4,116,549	-	-	119,091,598
Revaluation increment	-	(3,077,290,303)	-	-	-	-	-	(3,077,290,303)
Lease termination	-	-	-	-	-	137,599,400	-	137,599,400
Depreciation and amortization	-	(1,096,983,014)	(13,762,437)	(17,152,977)	(11,232,330)	(210,318,323)	-	(1,349,449,081)
December 31, 2023	-	(14,323,918,649)	(165,339,519)	(93,831,584)	(166,444,920)	(625,605,359)	-	(15,375,140,031)
Disposals	-	626,945,854	26,919,810	-	1,861,889	-	-	654,064,658
Revaluation decrement	-	1,909,951,354	-	-	-	-	-	1,909,951,354
Lease termination	-	-	-	-	-	83,336,196	-	83,336,196
Depreciation and amortization	-	(1,388,427,669)	(12,357,777)	(20,073,042)	(11,196,868)	(251,847,204)	-	(1,682,239,665)
December 31, 2024	-	(13,175,449,110)	(150,777,486)	(113,904,626)	(175,779,899)	(794,116,367)	-	(14,410,027,488)
Disposals/write-off	-	1,880,662,767	27,413,271	1,823,792	8,507,777	-	-	1,918,407,607
Revaluation decrement	-	1,001,888,378	-	-	-	-	-	1,001,888,378
Lease termination	-	-	-	-	-	75,979,370	-	75,979,370
Depreciation and amortization	-	(1,427,465,663)	(11,080,228)	(22,359,945)	(17,889,838)	(421,153,033)	-	(1,899,948,707)
December 31, 2025	-	(11,720,363,628)	(134,444,443)	(134,440,779)	(185,161,960)	(1,139,290,030)	-	(13,313,700,840)
<b>Accumulated impairment loss</b>								
January 1, 2023	-	(770,425,277)	-	-	-	-	-	(770,425,277)
Impairment loss	-	(15,919,578)	-	-	-	-	-	(15,919,578)
December 31, 2023	-	(786,344,855)	-	-	-	-	-	(786,344,855)
Impairment loss	-	(18,151,241)	-	-	-	-	-	(18,151,241)
December 31, 2024	-	(804,259,099)	-	-	-	-	-	(804,259,099)
Impairment loss	-	(77,985,973)	-	-	-	-	-	(77,985,973)
December 31, 2025	-	(882,245,072)	-	-	-	-	-	(882,245,072)
<b>Net book values</b>								
January 1, 2024	213,761,703	14,552,188,831	21,792,848	139,597,272	12,421,770	2,989,802,329	210,895,053	18,140,459,806
December 31, 2024	213,761,703	13,971,879,529	27,229,208	130,983,182	17,407,603	3,397,273,572	304,609,236	18,063,144,033
December 31, 2025	213,761,703	12,798,830,515	34,731,483	126,445,287	21,762,343	4,959,404,259	371,106,947	18,526,042,537

The fair values of the Group's vessels were based on the latest appraisal reports as shown below and in the succeeding page.

Name of vessel	Date of appraisal report	Net appraised values
M/Tug Fortis V	February 24, 2026	47,657,000
MV Starlite Jupiter	February 20, 2026	86,175,000
MV St. Emmanuel	January 26, 2026	30,864,000
MV St. Micah	January 26, 2026	42,156,000
M/Tug Fortis VI	December 17, 2025	33,540,000
M/Tug Fortis III	December 17, 2025	18,178,000
MT Chelsea Resolute	December 6, 2025	19,070,200
MT Chelsea Jasaan	December 5, 2025	17,716,799
MT Chelsea Denise	December 4, 2025	22,195,000
MV Asia Pacific	December 3, 2025	58,149,000
MV Trans Asia 3	September 19, 2025	108,120,000
MV Starlite Salve Regina	August 26, 2025	747,868,000
MV Trans-Asia 12	March 20, 2025	240,541,000
MV Trans-Asia 15	March 20, 2025	440,735,000
M/Tug Samal	March 4, 2025	13,448,000
M/Tug Pindasan	March 4, 2025	44,354,000
M/Tug Fortis VIII	March 3, 2025	19,670,000
M/T Chelsea Enterprise	February 17, 2025	90,517,000
Starlite Sprint 1	December 16, 2024	127,140,000
MV St. Camael	December 11, 2024	179,000,000
MV St. Saniel	December 11, 2024	182,300,000
M/Tug Fortis XV	December 10, 2024	25,026,000
MV St. Jhudiel	December 10, 2024	74,850,000
MV St. Braquiel	December 10, 2024	70,000,000
MV St. Uriel	December 6, 2024	51,500,000
MV St. Sealthiel	December 6, 2024	71,650,000
M/Tug Fortis XII	November 25, 2024	35,861,000
M/Tug Sigaboy	November 6, 2024	35,539,000
M/T Chelsea Endurance	October 4, 2024	325,000,000
MV Starlite Pioneer	September 20, 2024	423,419,000
MV Starlite Archer	September 20, 2024	451,995,000
MV Starlite Saturn	September 20, 2024	429,549,000
MV Trans Asia 3	September 18, 2024	217,150,000
MV Trans-Asia 18	September 18, 2024	510,922,000
MV Starlite Annapolis	August 24, 2024	72,227,000
MV Trans-Asia 20 (Starlite Phoenix)	August 24, 2024	934,699,000
MV Starlite Stella Del Mar	August 24, 2024	464,440,000
M/Tugs Fortis II	April 30, 2024	25,679,000
MT Global Dominance	February 20, 2024	388,969,000
M/Tug Dav Tug XI	February 19, 2024	21,872,000
M/Tug Fortis VII	February 19, 2024	24,314,000
MV Trans-Asia 10	February 19, 2024	348,123,000
MV Asia Philippines	February 16, 2024	74,038,000
M/Tug Fortis X	February 14, 2024	49,959,000
MV St. Nicolas of Myra	February 13, 2024	201,708,000
MV Starlite Tamaraw	February 8, 2024	28,772,000
MV Starlite Pacific	February 7, 2024	35,520,000
MT BMI Patricia	February 2, 2024	10,745,000
MT Chelsea Intrepid	February 2, 2024	24,559,000
MV Trans-Asia 17	February 2, 2024	345,299,000
MV Trans-Asia 16	January 30, 2024	213,601,000
MT Ernesto Uno	January 12, 2024	78,609,000
MT Great Princess	January 11, 2024	801,544,000
MT Maria (Chelsea Denise II)	January 10, 2024	440,000,000
MV Starlite Eagle	December 29, 2023	442,963,000
MV Starlite Reliance	November 10, 2023	442,185,000

Name of vessel	Date of appraisal report	Net appraised values
MV Starlite Stella Maris	November 10, 2023	533,652,000
MT Chelsea Excellence	November 9, 2023	117,000,000
Mt Chelsea Providence	September 20, 2023	1,690,643,750
Mt Chelsea Charlize	September 18, 2023	204,800,000
M/Tug Fortis I	July 31, 2023	25,354,000
MT Global Cherylyn	November 4, 2022	851,253,000

Revaluation increments and decrements arising from the revaluations above were recognized directly in equity under revaluation reserves (Note 18.2) in the consolidated statements of financial position.

Management believes that there is no significant change in the fair values of the Group's vessels since the dates of their last appraisals.

If the Group's vessels and vessel equipment were measured under the cost model, the cost, accumulated depreciation, accumulated impairment losses and net carrying amount as at December 31 are as follows:

	2025	2024
Cost	17,997,469,642	18,233,410,197
Accumulated depreciation	(6,713,036,661)	(6,661,497,468)
Accumulated impairment losses	(845,660,594)	(804,259,099)
Net carrying amount	10,438,772,387	10,767,653,630

Impairment loss for the year ended December 31, 2025 amounting to P77.9 million was recognized (2024 - P18.2 million; 2023 - P15.9 million) as a result of the latest appraisal of vessels where impairment indications triggered by age of the vessel. The amount is presented as impairment losses on property and equipment in the consolidated statements of total comprehensive income.

Depreciation and amortization expense is presented in the consolidated statements of total comprehensive income as follows:

	Notes	2025	2024	2023
Cost of sales and services	12	1,850,238,603	1,627,670,045	1,265,327,437
Operating expenses	13	49,710,104	54,569,620	84,121,644
		1,899,948,707	1,682,239,665	1,349,449,081

Certain vessels of the Group with a total net carrying amount of P11,107.2 million as at December 31, 2025 (2024 - P11,680.7 million), were used to secure the payment of certain loans and borrowings (Note 10). There were no capitalized borrowing costs in 2025 and 2024.

The acquisitions of property and equipment presented in the statements of cash flows for the years ended December 31 follows:

	2025	2024	2023
Unpaid purchases, beginning	81,546,687	-	2,254,016
Additions during the year	2,452,127,063	1,404,158,518	643,842,998
Non-cash transaction related to ROU additions during the year	(1,775,894,610)	(659,318,447)	(17,843,959)
Non-refundable equity payment	57,646,687	-	-
Unpaid purchases, ending	-	(81,546,687)	-
	815,425,827	663,293,384	628,253,055

In 2025, the Group made a non-refundable equity payment of P57.6 million to the shipbuilder of the vessel under a lease arrangement with bargain purchase option. The payment secures the right to acquire the vessel for a nominal fee at the end of the contract.

In 2025, Trans-Asia and FTC disposed vessels with a total net book value of P49.9 million for a total consideration of P33.0 million in which Trans-Asia and FTC recognized a loss on sale amounting to P1.4 million and P15.5 million, respectively and is presented as part of (loss) gain on sale of property and equipment under other (expense) income, net in the consolidated statements of total comprehensive income (Note 15.3).

The Group also disposed various transportation equipment and office equipment with net book value of P0.2 million for a total consideration of P8.1 million. The Group recognized a gain on sale amounting to P7.9 million and is presented as part of gain (loss) on sale of property and equipment under other (expenses) income, net in the consolidated statements of total comprehensive income (Note 15.3).

In 2024, the Group disposed various fully depreciated equipment for P8.4 million. The amount is presented as part of gain (loss) on sale of property and equipment under other (expenses) income, net in the consolidated statements of total comprehensive income (Note 15.3).

In 2023, PNX-Chelsea disposed two vessels with a total net book value of P381.9 million for a total consideration of US\$3.8 million (P220.6 million) in which PNX-Chelsea recognized a loss on sale amounting to P161.3 million. The amount is presented as part of gain (loss) on sale of property and equipment under other (expenses) income, net in the consolidated statements of total comprehensive income (Note 15.3).

In 2023, the finance lease for certain vessel equipment of Trans-Asia ended. As a result, the related right-of-use asset which had a carrying value of P151.9 million was reclassified to vessel and vessel equipment.

Certain vessels of the Group with a total net carrying amount of P795.9 million as at December 31, 2025 (2024 - P793.4 million) were temporarily idle and laid up.

#### *Critical accounting estimate - Estimated useful lives of property and equipment*

The Group's management determines the estimated useful lives for its property and equipment at cost based on the period over which the assets are expected to be available for use. The Group annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

If the actual useful lives of the property and equipment differ by +/- 10% from management's estimates, the carrying amount of property and equipment at cost, net as at December 31, 2025 would have been P52.9 million higher or P64.6 million lower (2024 - P53.5 million higher or P65.3 million lower). The range used was based on the management's assessment where potential impact to operations might occur.

#### *Critical accounting judgment - Impairment of property and equipment*

The Group's property and equipment, except for vessels and vessel equipment, is carried at cost. The carrying value of all property and equipment, including vessels and vessel equipment, is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period.

As at December 31, 2025 and 2024, based on management's assessment and judgment, there are no additional indications of impairment or changes in circumstances indicating that the carrying value of their property and equipment may not be recoverable, beyond the impairment losses for vessels and vessel equipment that have already been recognized as reflected in the table above. The Group does not expect any further impairment losses at this time.

### *Critical accounting estimate - Fair value estimation of vessel and vessel equipment*

Vessel and vessel equipment is measured at revalued amount, which approximates its fair value at the date of the revaluation less any accumulated impairment losses. In determining the fair value of vessel and vessel equipment, the Group, through the professional services of the independent appraisers, utilized a combination of cost approach and comparative or market data approach. Under the market data approach, fair value is determined based on recent sales or offerings of vessels and equipment that are comparable to those under appraisal, with appropriate adjustments made to reflect differences in age, condition, specifications, and remaining useful life. References are made to published second hand markets.

Under the cost approach, fair value is estimated based on the current replacement cost of the vessel or equipment, adjusted for physical deterioration, functional obsolescence, and economic obsolescence, as applicable. This approach reflects the amount that would be required currently to replace the asset with a similar one of equivalent utility, taking into consideration the asset's remaining service potential. Management considers the use of both approaches appropriate given the specialized nature of the assets and the availability of observable market data. Changes to any of these quantitative inputs including physical and functional obsolescence rate would have direct impact in the fair value determination of vessel and vessel equipment.

As part of the evaluation process in selecting qualified appraisers, management evaluates and reviews the competence, objectivity and, professional qualifications and capabilities of the appraisal firms. During and up to the completion of the appraisal process, management reviews and corroborates certain assumptions used in the valuation reports.

For the Group's vessels and vessel equipment with valuation conducted prior to the end of the reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those assets. In 2025 and 2024, the fair value of certain vessels was referred to the appraisal reports.

A significant change in the inputs and assumptions in fair value measurement discussed in Note 25.4 may affect prices and the value of the assets.

## **8 Investment in financial assets at FVOCI; Investment in an associate and a joint venture**

The carrying value of the Group's investments in associates and a joint venture as at December 31 are as follows:

	2025	2024
Associate:		
DHC:		
Cost	-	1,041,666,665
Accumulated equity shares in the total comprehensive loss from previous year	-	(1,041,666,665)
	-	-
Joint venture:		
Meridian:		
Cost	81,001,440	81,001,440
Accumulated impairment loss	(81,001,440)	(81,001,440)
	-	-

### **8.1 Investment in financial assets at FVOCI and investment in an associate**

On October 4, 2019, the Group subscribed to 1,041,666,665 common shares or equivalent to 41.67% interest of DHC's authorized capital stock for a total amount of P1.0 billion. Out of the subscribed shares, P781.2 million worth of shares remains unpaid as at December 31, 2022 and is presented as subscription payable under trade and other payables in the consolidated statements of financial position (Note 11). In 2023, a third party subscribed to the additional common shares in DHC, causing the dilution of the Group's effective ownership from 10.54% to 8.59%. Management assessed that the Group still exercises significant influence over DHC; hence, is still recognized as an investment in associate.

In 2025, following the dilution of the Group's effective ownership interest in DHC from 8.59% to 3.67%, the Group ceased to exercise significant influence. Accordingly, the investment ceased to be accounted for as an investment in associate and was reclassified as an equity instrument measured at fair value through other comprehensive income (FVOCI). Prior to the reclassification, the investment in associate had a net carrying amount of nil as a result of cumulative impairments recognized in previous periods. Upon reclassification and as at the reporting date, management assessed the fair value of the investment to be nil. The fair value assessment considered DHC's continuing operating losses, net capital deficiency, absence of dividend distributions, and the lack of observable market transactions or other indicators supporting recoverable value. As the carrying amount of the investment was already nil prior to reclassification, no additional loss was recognized upon remeasurement.

On November 20, 2023, the Group divested its stake in Oroport for a total consideration of P535.3 million, resulting in a gain on sale amounting to P96.0 million and is presented as gain on sale of investment in associate in the consolidated statements of total comprehensive income. Part of the consideration is the settlement of an outstanding loan of the Group obtained from Makabayan Holdings, Inc. amounting to P335.3. The consideration presented in the consolidated statements of cash flows for the year ended December 31, 2023 amounted to P198.0 million.

The carrying amount of the identifiable assets and liabilities of the associates upon acquisition approximates their respective fair values.

## **8.2 Investment in a joint venture**

In 2016, the Group entered into a Memorandum of Agreement with Meridian whereby both parties agreed to establish and operate a training facility on a parcel of land at the Calaca Seaport in Calaca, Batangas. The training facility shall be called the Meridian Maritime Training Center. The establishment of the facility shall have a total project cost of P50.0 million, which will be financed by the Group and any profits will be distributed 70% to the Group and 30% to Meridian until such time that the Group achieves 100% return on investment, after which, profit sharing will be 50% both to the Group and Meridian.

In 2023, management terminated the agreement with Meridian. Consequently, the Group recognized a full impairment of its investment in the joint venture amounting to P81.0 million and is presented as impairment loss on investment in joint venture under other (expenses) income, net in the consolidated statements of total comprehensive income.

### *Critical accounting judgment - Determination of significant influence over entities in which the Group holds less than 20% ownership*

Judgment is exercised in determining whether the Group already has significant influence or control over an entity. In assessing each interest over an entity, the Group considers the power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investors return.

Management has assessed that despite the dilution of effective ownership interest in DHC in 2022 (Note 8.1), the Group continues to exercise significant influence arising from its representation on the board of directors and participation in policymaking processes of DHC up until December 31, 2024.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

### *Critical accounting judgment - Impairment of investment in associate and joint venture*

The carrying value of investment in an associate and joint venture is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those management judgment and assessment could have a significant effect on the carrying value of investments and the amount and timing of recorded provision for any period.

As at December 31, 2025 and 2024, based on management's assessment and judgment, the carrying value of the Group's investments may not be recoverable.

## 9 Other non-current assets, net

Other non-current assets as at December 31 consist of:

	Notes	2025	2024
Advances to suppliers	20.4	142,247,386	200,005,778
Input VAT, net of current portion		101,880,823	115,373,166
Security deposits	17.3	20,565,263	46,823,449
Software, net of amortization		18,508,889	23,635,349
Restricted cash, net of current portion	2	-	335,112
		283,202,361	386,172,854

Advances to suppliers include down payments made to suppliers for the acquisition and construction of long-term assets, which include vessels and parcels of land.

Input VAT pertains to the deferred input VAT on services rendered to the Group that remains unpaid as at December 31, 2025 and 2024.

Security deposits include rental deposits and guarantee deposits for the Group's ongoing projects.

Software refers to computer software licenses and software development costs, net of amortization. A reconciliation of the carrying amount of software at the beginning and end of 2025 and 2024 is shown below:

	Note	2025	2024
Balance at beginning of year		23,635,349	30,464,845
Amortization during the year	13	(5,126,460)	(6,829,496)
		18,508,889	23,635,349

Restricted cash represents cash in bank accounts that are reserved for debt service requirements in relation to certain loans of the Group (Note 10.1).

## 10 Loans and borrowings

Loans and borrowings as at December 31 consist of:

	Notes	2025	2024
<b>Current</b>			
Term loans	10.1	999,224,835	606,680,502
Bank loans	10.2	596,589,219	1,014,726,393
Mortgage loans	10.3	61,004,760	54,672,705
Lease liabilities	10.4	516,065,595	436,787,404
		2,172,884,409	2,112,867,004
<b>Non-current</b>			
Term loans	10.1	10,435,794,543	10,978,967,355
Bank loans	10.2	306,794,543	195,587,138
Mortgage loans	10.3	49,418,719	98,191,326
Lease liabilities	10.4	4,137,656,751	2,685,009,240
		14,929,664,556	13,957,755,059
		17,102,548,965	16,070,622,063

The Group has taken necessary steps to improve its financial condition, including negotiating with banks for the refinancing, extension, or temporary relief of its loan obligations as part of the Group's LME. Relative to this, the Group was able to agree with banks for the restructuring or modification of terms of certain loans such as reduced interest rates by an average of 2% to 3%, longer payment terms with grace period of one to two years and conversion of short-term loans to long-term loans.

In 2024, certain loans of the Group were modified where the contractual terms have been substantially different. As a result, the Group recognized a gain on debt extinguishment amounting to P177.9 million (2023 - P169.9 million), representing the difference between the carrying amount and the fair value of the new debt. The gain is presented under other (expenses) income, net in the consolidated statements of total comprehensive income (Note 10.1 - l).

In 2025, certain loans of Group were modified resulting in a gain on debt modification amounting to P22.3 million (2024 - P294.2 million; 2023 - P71.6 million). The modification did not qualify as a substantial loan modification and the gain was calculated as the difference between the carrying amount and the present value of the modified contractual cash flows discounted at the original effective interest rate. The gain is presented as part of the gain on debt modification under other (expenses) income, net in the consolidated statements of total comprehensive income (Notes 10.1 - b.1, 10.1 - b.2 and j).

In October 2023, the Group entered into subscription and debt conversion agreements with certain private institutional lenders. As a result, the outstanding loan amounting to P233.4 million has been derecognized and converted through the issuance of 77,791,000 shares of the Group (Note 18.1). This transaction is considered as non-cash investing activity in the consolidated statements of cash flows.

A reconciliation of the carrying amounts of loans and borrowings as at December 31 is shown below:

	Term loans (Note 10.1)	Bank loans (Note 10.2)	Mortgage loans (Note 10.3)	Lease liabilities (Note 10.4)	Total
Balance as of January 1, 2024	10,995,214,505	3,130,622,977	174,007,009	2,738,481,848	17,038,326,339
Cash flows from financing activities:					
Additions	-	11,724,600	-	-	11,724,600
Repayments	(159,475,916)	(229,491,711)	(21,142,978)	(304,237,225)	(714,347,830)
	(159,475,916)	(217,767,111)	(21,142,978)	(304,237,225)	(702,623,230)
Non-cash financing activities:					
Gain on debt modification, net	(471,893,237)	-	-	-	(471,893,237)
Dacion En Pago (Note 6)	(800,000,000)	-	-	-	(800,000,000)
Additions in lease liabilities	-	-	-	659,318,447	659,318,447
Reclassification (Notes 10.1 - j and 10.1 - k)	2,021,105,680	(1,702,542,335)	-	-	318,563,345
Foreign currency exchange revaluation	696,825	-	-	28,233,574	28,930,399
	749,909,268	(1,702,542,335)	-	687,552,021	(265,081,046)
Balance at December 31, 2024	11,585,647,857	1,210,313,531	152,864,031	3,121,796,644	16,070,622,063
Cash flows from financing activities:					
Additions	-	83,396,504	-	-	83,396,504
Repayments	(374,184,366)	(216,048,919)	(42,440,552)	(518,593,193)	(1,151,267,030)
	(374,184,366)	(132,652,415)	(42,440,552)	(518,593,193)	(1,067,870,525)
Non-cash financing activities:					
Gain on debt modification, net	(22,312,872)	-	-	-	(22,312,872)
Lease modification	-	-	-	235,543,368	235,543,368
Additions	18,079,544	22,999,941	-	1,718,247,923	1,759,327,408
Reclassification (Note 10.1 - l)	197,277,295	(197,277,295)	-	-	-
Termination of lease	-	-	-	(25,317,855)	(25,317,855)
Amortization of discount	30,511,920	-	-	-	30,511,920
Foreign currency exchange revaluation	-	-	-	122,045,459	122,045,459
	223,555,887	(174,277,354)	-	2,050,518,895	2,099,797,428
Balance at December 31, 2025	11,435,019,378	903,383,762	110,423,479	4,653,722,346	17,102,548,965

The reclassification for the years ended December 31, 2025 and 2024 are related to loan restructurings in which the outstanding balances of bank loans and unpaid interests are converted into term loans. The unpaid interests are presented under trade and other payables in the consolidated statements of financial position.

## 10.1 Term loans

The details of the Group's term loans as at December 31 are as follows:

	Notes	Security	Terms	Interest rates	Outstanding balance	
					2025	2024
China Banking Corporation (CBC)	b.1 b.3	Real Estate Mortgage (REM), Continuing Suretyship, MT Chelsea Great Princess, MT Chelsea Charlize, MT Chelsea Resolute, MT Chelsea Enterprise, MT Chelsea Excellence, MT Chelsea Ernesto Uno, MT Chelsea Jasaan, Assignment of receivables	7 years	5.00%	1,932,000,000	1,932,000,000
Development Bank of the Philippines (DBP)	f.4	MT Chelsea Providence, MT Chelsea Cherylyn, MV Starlite Stella Maris, Corporate/Continuing, Assignment of receivables	15 years	5.00%	1,737,248,009	1,766,729,006
Land Bank of the Philippines (LBP)	k	MT Chelsea Intrepid, MT BMI Patricia	8 years	5.00%	1,083,654,964	1,104,941,460
Philippine Business Bank (PBB)	c.2	MV Eagle, MV Archer, MV Saturn	8 years	3.00% - 7.00%	805,106,518	809,172,721
CBC	b.2	Trans - Asia 2, 3, 5, 12 and 15	8 years	5.75%	642,300,000	642,300,000
Amalgamated Investment Bancorporation (AIB)	h	Unsecured	9 years	6.48%	617,789,804	599,710,259
DBP	f.3	Trans-Asia 16, 17 and 18	15 years	5.00%	545,684,033	549,807,588
PBB	c.4	Corporate/Continuing Suretyship, MV Salve Regina	8 years	3.00% - 7.00%	455,400,000	457,700,000
DBP	f.1	Corporate/Continuing Suretyship	15 years	5.00%	411,209,590	450,514,005
PBB	c.1	MT Chelsea Dominance, MT Chelsea Endurance	8 years	3.00% - 7.00%	433,944,576	433,944,577
Asia United Bank (AUB)	d.2	MTug Fortis I, MTug Fortis II MTug Fortis III, Mtug Fortis V MTug Fortis VI, Mtug Fortis VII MTug Fortis Mtug Fortis X	6 years	4.00%	332,916,667	417,916,667
DBP	f.2	Corporate/Continuing Suretyship MV St. Nicholas of Myra Assignment of receivables Trans-Asia 1, 8, 9 and 10, CY3	15 years	5.00%	411,373,982	415,100,000
BDO Unibank, Inc. (BDO)	a	REM, Continuing suretyship	6 years	6.50%	260,689,813	349,241,720
PBB	c.3	MV Stella Del Mar	8 years	3.00% - 7.00%	306,130,128	307,676,240
DBP	f.5	Corporate/Continuing Suretyship MV St. Camael and MV St. Saniel	15 years	5.00%	273,078,775	300,086,565
Mega International Commercial Bank Co. (MICBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	240,075,000	245,025,000
Robinsons Bank Corporation (RBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	240,075,000	245,025,000
CTBC Bank (Phils) Inc. (CTBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	240,075,000	245,025,000
Pentacapital	j	Unsecured	8 years	6 to 7.00%	205,042,335	205,042,335
Sterling Bank of Asia	k	Unsecured	9 years	3 to 5.00%	197,277,295	-
Union Bank of the Philippines (UB)	i	Continuing Suretyship	9 years	3.00%	197,010,000	198,000,000
First Commercial Bank, Ltd. (FCB)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	160,050,000	163,350,000
Rizal Commercial Banking Corp.	g	Starlite Sprint I	7 years	9.50%	94,584,977	104,024,977
PBB	c.5	Pledge of shares of stocks	8 years	11.00%	-	13,893,988
AUB	d.1	MTug Fortis IX, MTug Fortis X	7 years	8.02%	1,062,987	15,957,667
AUB	d.1	MTug Fortis III, MTug Fortis V and MTug Fortis VII, Assignment of receivables,	7 years	8.11%	-	10,422,210
Net discount on loans payable					11,823,779,453 (388,760,075)	11,982,606,985 (396,959,128)
					11,435,019,378	11,585,647,857

**a. Term loan agreement (TLA) with BDO - Trans - Asia 1, 8 and 10**

In 2014, Trans-Asia availed loans from BDO for the acquisition of MV Trans-Asia 10 amounting to P120.0 million at an interest rate of 4.5% per annum. Principal and interest payments on these loans are made monthly. Additional loans were made from BDO amounting to P243.5 million and P166.0 million in 2016 and 2017, respectively, with an interest rate of 4.25% to 5.00% per annum. Principal payments are made monthly with a grace period of one year and interest on these loans is payable monthly in arrears.

In 2020, Trans-Asia and BDO amended the existing loan agreement, revising the interest payment schedules in which 40% of all unpaid interest as of July 30, 2020 were to be paid equally without interest on interest from August 2020 to December 2020 and the remaining 60% to be paid in equal monthly basis with interest on interest from January 2021 to June 2021.

On September 8, 2021, Trans-Asia and BDO agreed on the second amendment of the loan agreement wherein the deferred principal and principal due from June to July 2021 be added and paid in the December 2021 and January 2022 repayment schedules.

On June 20, 2022, Trans-Asia and BDO amended the existing loan agreements, revising the previously approved terms of the preceding loans wherein BDO extended the maturity dates of the loans for six years, inclusive of a grace period of one year reckoning at the beginning of 2022, provided a sculpted quarterly principal repayment, and reduced interest rates for the first two years with a provision for a recapture rates towards the end of the loans.

The loan is secured by the same properties as mentioned in the initial bank loan with chattel mortgage of certain vessels amounting to P405.1 million as at December 31, 2025 (2024 - and P457.8 million) (Note 7). The loan is also secured by a continuing suretyship by the chairman of the BOD of the Parent Company and a real estate property owned by Trans-Asia with a carrying amount of P10.3 million as at December 31, 2025 and 2024 (Note 7). These loans do not contain any financial covenants.

**b. TLA or OLSA with CBC**

*b.1 CSC - CSC's outstanding shares*

In 2016, the Parent Company obtained a P1.8 billion loan from CBC to finance the acquisition of the outstanding shares of CSC. The loan is subject to annual interest rate of 4.50% and is payable on a lump sum basis in 181 days. The loan is secured by means of mortgage, pledge, assignment or any other form of encumbrance upon any and all properties or assets of the Parent Company's Chairman of the BOD (Note 17.9).

In 2017, the Group converted its P1.8 billion bank loan to a six-year term loan with a grace period of four quarters commencing from the date of conversion. The principal is payable in quarterly installments with balloon payment at maturity and shall commence on the quarter after the grace period with the interest paid in arrears. The loan is secured by the same properties as mentioned in the initial bank loan.

On January 23, 2018, the Parent Company's BOD approved the transfer of the loan to CSC.

On October 1, 2020, the bank approved CSC's request for the refinancing of outstanding loan obligations of CSC for a total of P1.9 billion, including unpaid interest. The principal payments begin on the 3rd anniversary with the following sculpted repayment schedule: year 3 - 5%; year 4 - 10%; year 5 - 20%; year 6 - 25%; and year 7 - 40%. The restructured loan is subject to annual interest rate of 6.75%.

On December 18, 2024, CBC approved the restructuring of the outstanding loans and unpaid interests of CSC into an eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower interest rates for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted to a catch-up income amounting to P235.1 million, presented as part of the gain on debt modification under other (expenses) income, net in the consolidated statements of total comprehensive income.

The restructured loan is secured by the same properties as mentioned in the initial bank loan with chattel mortgage of certain vessels amounting to P1,157.3 million as at December 31, 2025 (2024 - P1,303.7 million). The loan is also secured by a continuing suretyship by the Parent Company and Ultimate Parent Company, and assignment of certain receivables amounting to P194.2 million as at December 31, 2025 (2024 - P228.1 million) (Note 3). The restructured agreement does not contain any financial covenants.

#### *b.2 Trans - Asia - MV Asia Philippines and MV Asia Pacific*

On October 2, 2018, Trans-Asia obtained a long-term loan from CBC amounting to P200.0 million to fund its acquisition of vessels. The loan is subject to annual interest rate of 7.00% and is payable monthly in arrears up to 10 years from the initial drawdown, inclusive of one-year grace period from the date of drawdown. Principal shall be repayable in equal monthly amortizations to commence at the end of the 13th month of the drawdown.

On August 30, 2019, Trans-Asia obtained additional loan from the same bank amounting to P50.0 million to fund its acquisition of vessels. The loan is subject to annual interest rate of 7.00% and is payable monthly in arrears up to four years from the date of drawdown. Principal shall be repayable in equal monthly amortizations to commence at the end of the 13th month of the drawdown. These loans do not contain any financial covenants.

On December 18, 2024, CBC approved the restructuring of the outstanding loans and unpaid interests of Trans-Asia into an eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower interest rates for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted to a catch-up income amounting to P49.3 million, presented as part of the gain on debt modification under other (expenses) income, net in the consolidated statements of total comprehensive income.

Certain vessels with a net carrying amount of P791.0 million as at December 31, 2025 (2024 - P1,116.8 million) was used as collateral to secure the payment of these loans (Note 7).

#### *b.3 CLC and WSI*

On August 27, 2019, CLC and WSI entered into a loan agreement with CBC to finance the acquisition of a real estate property and for the construction of a warehouse facility on the said property amounting to P800.0 million and P450.0 million, respectively. The loan is subject to a fixed interest rate of 7.25% for the first ten years and subject to repricing for the remaining five years. On the interest rate resetting date, the interest rate shall be repriced and determined based on the higher of the benchmark rate and interest spread of 250 bps, divided by the interest premium of factor of 95% or a floor rate of 7.25%. The loan is payable on a quarterly basis up to 15 years from the initial drawdown, inclusive of two-years grace period from the date of signing. As at December 31, 2023, WSI has no loan drawdowns and CLC has total drawdown amounting to P800.0 million from the term loan facility.

In 2024, the outstanding loan of CLC amounting to P800.0 million was fully paid through a Deed of Assignment (Dacion En Pago) agreement with CBC. CLC also settled the related interest on this loan amounting to P213.8 million and the interest on CSC and TASLI's loans with CBC amounting to P620.0 million (Note 6).

The land of the Group, classified under investment properties in the consolidated statements of financial position, with net carrying amount of P95.1 million as at December 31, 2025 was used as a collateral to secure payment of the loans of CSC and Trans-Asia (Notes 6).

**c. TLA with PBB**

*c.1 PNX - Chelsea - MT Chelsea Endurance and MT Chelsea Dominance*

On July 25, 2016 and August 18, 2016, PNX-Chelsea entered into term loan agreements with PBB amounting to US\$6.5 million and US\$7.6 million to finance the acquisition of MT Chelsea Endurance and MT Chelsea Dominance, respectively. On the anniversary year, these loans were converted into peso loans. The loans are subject to annual effective interest rate of 6.06% and are payable in 24 equal quarterly installments with one-year grace period from date of each release. The loans do not include any financial covenants.

On June 24, 2022, PBB approved the restructuring of the outstanding loans and unpaid interests of PNX-Chelsea into an eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower interest rates for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year.

The restructured loans are secured by a chattel mortgage on MT Chelsea Endurance and MT Chelsea Dominance with net carrying amounts totaling P677.7 million as at December 31, 2025 (2024 - P685.7 million) (Note 7).

*c.2 Starlite - MV Eagle, MV Archer and MV Saturn*

In 2015, Starlite entered into a 10-year term loan agreement amounting to P1,037.4 million with PBB to finance the acquisition of MV Eagle, MV Archer and MV Saturn. The loans are subject to a fixed interest rate of 7.5% and the principal is payable in arrears.

In 2017, Starlite obtained a 15-year term loan agreement amounting to P800.0 million with PBB. The loan is subject to annual interest rate of 7.0% and principal repayments including the interest shall commence on the first quarter after a grace period of one year from the date of availment. The loan does not include any financial covenants.

On June 24, 2022, PBB approved the restructuring of the outstanding loans and unpaid interests of SFI into an 8-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower annual interest rate for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year.

Certain vessels of Starlite with net carrying amounts of P1,310.2 million as at December 31, 2025 (2024 - P1,283.4 million), were used as collateral to secure the payment of these loans (Note 7).

*c.3 SPFI - MV Stella Del Mar*

In 2017, SPFI entered into a loan agreement with PBB amounting to P368.1 million to finance the acquisition of MV Stella Del Mar. The loan is subject to annual interest rate of 7.50% and is payable quarterly in arrears up to 10 years from the initial drawdown. Principal repayments shall commence after the grace period of six quarters. The loan does not include any financial covenants.

On June 24, 2022, PBB approved the restructuring of the outstanding loans and unpaid interests of SPFI into a eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower annual interest rate for 2 years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year.

The vessel of SPFI with net carrying amounts of P478.9 million as at December 31, 2025 (2024 - P464.9 million), was used as a collateral to secure the payment of this loan (Note 7).

#### *c.4 SGFI - MV Salve Regina*

In 2018, SGFI entered into a loan agreement with PBB amounting to P460.0 million to finance the acquisition of MV Salve Regina. The loan is subject to annual interest rate of 7.50% and is payable quarterly in arrears up to 10 years from the initial drawdown, inclusive of one-year grace period from the date of signing. The loan does not include any financial covenant.

On June 24, 2022, PBB approved the restructuring of the outstanding loans and unpaid interests of SGFI into an eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower annual interest rate for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the 3rd year.

The vessel of SGFI with net carrying amounts of P729.6 million as at December 31, 2025 (2024 - P726.2 million) was used as a collateral to secure the payment of this loan (Note 7).

#### *c.5 CLC - MV Trans-Asia 21*

In May 2021, CLC entered into Memorandum of Agreement (MOA) for a loan facility with PBB amounting to US\$3.5 million to finance the Group's equity due on MV Trans-Asia 21. The loan is subject to annual interest rate of 10.0% and is payable on a quarterly basis up to the end of third year.

On August 12, 2022, PBB and CLC has amended the MOA in which the principal repayment will be on a staggered basis commencing at the date of amendment until 2023 with annual interest rate of 11.0%. In 2023, the agreement was amended to extend the payment of principal and interest until January 2025. The loan was subsequently settled in 2025.

The loan is secured by a deed of pledge of shares of stock by Udenna and CLC with a net book value as at December 31, 2024 P138.7 million (Note 17.9).

### **d. TLA with AUB**

#### *d.1 FTC - M/Tug Fortis III, M/Tug Fortis V, M/Tug Fortis VI, M/Tug Fortis VII, M/Tug Fortis VIII, M/Tug Fortis IX and M/Tug Fortis X*

On April 12, 2017, FTC obtained interest-bearing loans amounting to P69.7 million to partially refinance the acquisition of M/Tug Fortis III and M/Tug Fortis V. The loan bears fixed interest rate of 5.56% and the principal is payable in 28 quarterly installments. The loan was fully settled as at December 31, 2024.

On October 5, 2018, FTC obtained additional interest-bearing loans amounting to P70.4 million from the same bank to partially refinance the acquisition of M/Tug Fortis VI, M/Tug Fortis VI, and M/Tug Fortis VIII. The loan bears fixed interest rate of 5.56% and the principal is payable in 28 quarterly installments. The loan was fully settled as at December 31, 2025.

On January 16, 2020, FTC obtained additional interest-bearing loans amounting to P47.9 million from the same bank to partially refinance the acquisition of M/Tug Fortis IX and M/Tug Fortis X. The loan bears fixed interest rate of 7.07% and the principal is payable in 28 quarterly installments.

Certain trade receivables amounting to P19.8 million as at December 31, 2025 (2024 - P47.3 million), were assigned to secure the payment of these interest-bearing loans (Note 3). Moreover, certain tugboats of FTC with net carrying amounts of P98.9 million as at December 31, 2025 (2024 - P215.5 million), were used as collateral to secure the payment of these loans (Note 7). The loans do not include any financial covenants.

#### *d.2 Starlite*

On October 27, 2023, Starlite obtained interest-bearing loans amounting to P425.0 million to support its working capital requirement. The loan bears fixed interest rate of 4.0% and the principal is payable in 72 months in equal monthly installment with grace period of one year.

Certain tugboats of FTC with net carrying amount of P198.9 million as at December 31, 2025 (2024 - P215.5 million) were used as collateral to secure the payment of these loans. The loan does not include any financial covenants.

**e. TLA with CTBC, MICBC, RBC and FCB - Trans-Asia**

In 2017, Trans-Asia entered into a five-year loan facility agreement amounting to P300.0 million each with CTBC, MICBC and RBC and P200.0 million with FCB to bridge the facility obtained by CSC to fund the acquisition of Trans-Asia and for general working capital purposes. In the same year, Trans-Asia made a drawdown of P1,100.0 million loan to bridge the loan obtained by CSC in 2016. The loan is subject to annual repricing of three-month PDST rate plus 3.3% spread and is payable on quarterly basis. Principal repayments shall be 5% of the loan in the first and second year, 15% in the third and fourth year and 60% in the fifth year of the drawdown. The agreement requires Trans-Asia to maintain debt-to-equity ratio of not more than 3.50:1.00 and a DSCR of at least 1.25.

On May 27, 2021, CTBC, MICBC, RBC and FCB has approved the one-year extension of principal due from 2021 to 2022 including the non-application of the required financial covenants during the extension period.

On November 15, 2022, CTBC, MICBC, RBC and FCB approved restructuring of the outstanding loans of Trans-Asia into a five-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower interest rate for the first year, collected quarterly in arrears, to be recaptured annually on the 5th year, with annual repricing based on BVAL plus a fixed interest rate beginning on the 3rd year. The principal is payable on installment based on the outstanding principal amount from the amended date as follows; 0% on the first year, 1% on second year, 2% on third, 7% on fourth and balloon payment at the end of the fifth year.

The loan is secured by Trans-Asia shares with a carrying value of P525.0 million, a corporate guarantee by the Parent Company and individual surety of the Parent Company's Chairman of the BOD (Note 17.9).

For the existing loans with financial covenants, Trans-Asia exceeded the agreed debt-to-equity ratio and had a lower DSCR. The Company believes that it is compliant with covenant particularly on debt to equity in consideration of debt being total loan balance and excluding other liabilities. Notwithstanding, on December 11, 2025, Trans-Asia requested for the waiver of these financial covenants and management is confident that such will be approved based on the preliminary discussions with the lender banks. Trans-Asia has not received any response as at the date of the issuance of the consolidated financial statements.

In addition, Trans-Asia has not received formal response as at report issuance date of the consolidated financial statements, that the loans are due and demandable and terms of payment have been revised, as indicated in the loan agreements to be the basis to classify the loan as current liability.

**f. TLA with DBP**

*f.1 Starlite - MV Pioneer and MV Reliance*

In 2016 and 2015, Starlite entered into 15-year term loan agreements amounting to P306.0 million and P300.0 million, respectively, with DBP to finance the acquisition of MV Pioneer and MV Reliance. The loan is subject to annual interest rate of 6.95% and is payable on a quarterly basis. Principal repayments shall commence after the grace period of three periods.

On May 23, 2023, DBP approved the waiver of Starlite's compliance with the current ratio for 2023 up to its maturity, meanwhile, compliance with the debt-to-equity ratio and DSCR was temporary waived for 2023 only.

On October 24, 2023, DBP and Starlite amended the loan agreements in 2015 and 2016 in which the former approved the principal repayment of the outstanding loan beginning in 2025 in sculpted quarterly amortizations to commence at the end of the 1st quarter after the two-year grace period until fully paid. Interest for the first 3 years is fixed at 5.0% per annum, but Starlite will only pay 3% per annum, and the 2% is amortized over three years starting on the 4th year, without interest on interest. The interest for the 4th year and onwards is fixed for one year based on a 1-year BVAL rate plus a spread with a floor rate of 5% per annum, reviewable annually.

The amendment in the agreement also requires Starlite to maintain a debt-to-equity ratio of 2.33:1.00 starting the year 2029 up to the remaining term of the loan and a DSCR of at least 1.00 starting the year 2024. Starlite has complied with the required ratios as at December 31, 2025 and 2024.

A corporate suretyship by the Parent Company and certain vessels of Starlite with net carrying amounts of P718.2 million as at December 31, 2025 (2024 - P719.3 million), were used as collateral to secure the payment of these loans (Note 7).

#### *f.2 PNX-Chelsea - MV St. Nicholas of Myra*

On January 25, 2018, PNX-Chelsea entered into a loan agreement with DBP amounting to P575.0 million to refinance the acquisition of MV San Pedro Calungsod, MV San Lorenzo Ruiz Uno and MV St. Nicholas of Myra. The loan is subject to annual interest rate of 6.50% and is payable in 60 equal quarterly installments commencing on the first quarter from the initial drawdown. The agreement requires PNX Chelsea to maintain debt-to-equity ratio of not more than 2.34:1.00.

On May 23, 2023, DBP approved the waiver of PNX-Chelsea's compliance with the financial covenants for 2023 until the loan's maturity on March 26, 2033.

On October 24, 2023, DBP and PNX-Chelsea amended the loan agreement in 2018 in which the former approved the principal repayment of the outstanding principal amount beginning in 2025 in sculpted quarterly amortizations to commence at the end of the 1st quarter after the two-year grace period until fully paid. Interest for the first three years is fixed at 5.0% per annum, but PNX-Chelsea will only pay 3% per annum and the 2% per annum is amortized over three years starting on the 4th year, without interest on interest. The interest for the 4th year and onwards is fixed for one year based on a 1-year BVAL rate plus spread with a floor rate of 5% per annum, reviewable annually.

Certain vessels of PNX-Chelsea with net carrying amounts of P180.4 million as at December 31, 2025 (2024 - P175.1 million), were used as collateral to secure the payment of these loans (Note 7). The restructured loan is also secured by a continuing suretyship by the Parent Company and chairman of the BOD of the Parent Company (Note 17.9). The loan is also secured by assignment of receivables generated by the vessel. There are no outstanding receivables related to the vessel as at December 31, 2025 and 2024.

#### *f.3 Trans-Asia - MV Trans-Asia 16, 17 and 18*

On May 2, 2018, Trans-Asia entered into a loan agreement with DBP amounting to P618.0 million to finance the acquisition of MV Trans-Asia 16, MV Trans-Asia 17 and MV Trans-Asia 18. The loan is to annual interest rate of 6.50% and is payable quarterly in arrears up to 15 years from the initial drawdown, inclusive of one-year grace period from the date of signing.

On May 23, 2023, DBP approved the waiver of Trans-Asia's compliance with the current ratio for 2023 until the loan's maturity, meanwhile, compliance with the debt-to-equity ratio and DSCR was temporarily waived for 2024 and 2023 only.

On October 24, 2023, DBP and Trans-Asia amended the loan agreement in 2018 in which the former approved the principal of the outstanding principal amount beginning in 2025 in sculpted quarterly amortizations to commence at the end of the 1st quarter after the two-year grace period until fully paid. Interest for the first three years is fixed at 5.00% per annum, but Trans-Asia will only pay 3.00% p.a. and the 2.00% p.a. is amortized over three years starting on the 4th year, without interest on interest. The interest for the 4th year and onwards is fixed for one year based on a BVAL rate plus spread with a floor rate of 5% per annum, reviewable annually.

The amendment in the agreement also requires Trans-Asia to maintain a debt-to-equity ratio of 2.33:1.0 starting year 2031 up to remaining term of the loan, and DSCR of at least 1.0 starting the year 2024.

On December 16, 2024, Trans-Asia requested from DBP a temporary waiver of the DSCR covenant for the year 2024. Trans-Asia received the formal confirmation from DBP on February 26, 2025 that the latter will not make any formal demand for full payment of the loan in so far as Trans-Asia's compliance with DSCR covenant in 2024. Trans-Asia has complied with the existing covenants as at December 31, 2025.

Certain vessels of Trans-Asia with net carrying amounts of P1,014.3 million as at December 31, 2025 (2024 - P2,991.2 million), were used as collateral to secure the of these loans (Note 7). The restructured loan is also secured by a continuing suretyship by the Parent Company and chairman of the BOD of the Parent Company (Note 17.9).

#### *f.4 CSC - MT Chelsea Providence*

On December 28, 2018, CSC entered into a loan agreement With DBP amounting to P1.5 billion to refinance the acquisition of one second-hand oil/chemical tanker and one second-hand floating dock. The loan is subject to annual interest rate of 6.50% and is payable quarterly in arrears up to 15 years from the initial drawdown, inclusive of one-year grace period from the date of signing. The agreement requires CSC to maintain debt-to-equity ratio of not more than 3.00:1.00 and DSCR of at least 1.00.

On March 28, 2021, DBP approved CSC's request for the refinancing of outstanding loan obligations for a total of P1.8 billion, including unpaid interest. The principal payments begin on the third anniversary with annual interest rate of 6.50%. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9.

On August 15, 2023, DBP approved the waiver of CSC's compliance with the financial covenants for 2023 up to its maturity on December 31, 2035.

On October 24, 2023, DBP and CSC amended the restructuring agreement in 2021 in which the former approved the sculpted principal repayment of the outstanding principal amount beginning in 2023 until year 14. Interest for the first 3 years is fixed at 5.0% per annum, but CSC will only pay 3% per annum and the 2% per annum is amortized over three years starting on the 4th year, without interest on interest. The interest for the 4th year and onwards is fixed for one year based on a 1-year BVAL rate plus a spread, with a floor rate of 5% per annum, reviewable annually.

Certain vessels of CSC and SGFI with net carrying amount of P2,862.6 million as at December 31, 2025 (2024 - P2,991.2 million) was used as collateral to secure the payment of these loans (Note 7). Certain trade receivables amounting to P22.1 million as at December 31, 2025 (2024 - P28.3 million) were assigned to secure the payment of these interest-bearing loans (Note 3).

#### *f.5 SFFC*

On May 20, 2016, SFFC obtained a long-term loan facility from DBP amounting to P370.0 million with a term of 15 years, inclusive of 1.5 years grace period, payable in 53 equal quarterly installments to commence at the end of the seventh quarter from the date of the initial drawdown, which can be availed through promissory note with an interest at the prevailing market rate of 6.5% to finance the construction of MV St. Sarel and MV St. Camael. In addition, SFFC is required to maintain debt-to-equity ratio not exceeding 2.30:1.00 and maintain debt service coverage ratio of at least 2.00 at each testing date. On May 23, 2023, DBP approved the waiver of SFFC's compliance with the debt-to-equity ratio for the year 2023.

On October 24, 2023, DBP and SFFC amended the loan agreement in 2016 in which the former approved the principal repayment of the outstanding principal amount beginning in 2025 in sculpted quarterly amortizations to commence at the end of the 1st quarter after the two-year grace period until fully paid. Interest for the first 3 years is fixed at 5.0% per annum, but SFFC will only pay 3% per annum and 2% per annum is amortized over three years starting on the 4th year, without interest on interest. The interest for the 4th year and onwards is fixed for one year based on a 1-year BVAL rate plus a spread, with a floor rate of 5% per annum, reviewable annually.

The financial covenants were also amended in which SFFC is required to maintain debt-to-equity ratio not exceeding 2.33:1.00 starting in the year 2027 and maintain debt service coverage ratio of at least 1.00 at each testing date starting the year 2023. In case SFFC fail to meet these ratios, the consolidated financial statements of the Group shall be used as basis for determining compliance with the ratios.

In 2024, DBP approved the waiver of SFFC's compliance with the DSCR for the year 2024. In 2025, SFFC failed to meet the required DSCR; however, the required DSCR at consolidated financial statements level was achieved.

On December 11, 2025, SFFC requested from DBP a temporary waiver of the DSCR covenant for the year 2025. SFFC has not received formal response as at report issuance date of the consolidated financial statements, that the loans are due and demandable and terms of payment have been revised, as indicated in the loan agreements to be the basis to classify the loan as current liability.

Certain vessels of SFFC with net carrying amount of P336.2 million as at December 31, 2025 (2024 - P361.3 million) was used as collateral to obtain this loan. The restructured loan is also secured by a continuing suretyship by the Parent Company and the Chairman of the BOD of the Parent Company (Note 17.9).

**g. TLA with RCBC**

In 2018, Starlite entered into a loan agreement with RCBC to finance the acquisition of Starlite Sprint I. The first drawdown of P 105.0 million is payable in equal quarterly installments up to eight years from the date of initial drawdown, i.e., July 19, 2019, inclusive of one-year grace period. The loan is subject to annual interest rate based on 7-year fixed BVAL plus minimum spread of 1.50% and is payable on a quarterly basis. The agreement requires Starlite to maintain debt-to-equity ratio of not more than 5.50:1.00 and current ratio of not less than 1.00.

On July 24, 2023, Starlite entered into a loan restructuring agreement with RCBC to restructure its outstanding loan amounting to P105.1 million. The restructured loan bears lower annual interest rate applicable for the first three years, to be recaptured annually until year 5. The principal is payable on graduated amounts with balloon payment on the last principal repayment date and inclusive of 2 2-year grace period from July 2022. The restructured loan does not include any financial covenant.

The vessel of Starlite with net carrying amounts of P128.8 million as at December 31, 2025 (2024 - P127.1 million) was used as a collateral to secure the payment of this loan (Note 7).

**h. TLA with AIB - CLC**

On March 31, 2023, CLC entered into a term loan agreement with AIB to restructure the Group's outstanding bank loan and unpaid interest amounting to P500.0 million and P60.4 million, respectively (Note 10.2). The restructured loan bears lower annual interest rate applicable for year 1, collected quarterly in arrears, to be recaptured at a target rate in year 9, with annual repricing based on BVAL plus a fixed interest rate ending on the 3rd year. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted to a catch-up income for the year ended December 31, 2023 amounting to P36.3 million, presented as part of the gain on debt modification under other (expenses) income, net in the consolidated statements of total comprehensive income. The loan does not include any financial covenant.

**i. TLA with UB-CSC**

On April 18, 2023, CSC entered into a term loan agreement with UB to restructure the Group's outstanding bank loan amounting to P198.0 million (Note 10.2). The restructured loan bears an annual interest rate of 3.00% applicable for year 1, collected quarterly in arrears, to be recaptured with a target rate of 10.00% per annum in year 9. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. The loan does not include any financial covenant.

**j. TLA with Pentacapital - PNX-Chelsea**

On January 16, 2024, PNX-Chelsea entered into a restructuring loan agreement with Pentacapital to restructure PNX-Chelsea's outstanding bank loan amounting to P200.0 million and unpaid interest amounting to P5.1 million. The restructured loan bears an annual interest rate of 6.00% subject to adjustment at the end of the 5th year with a floor rate of 6.00% per annum and a ceiling of 7.00% per annum. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. The loan does not include any financial covenant. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted to a catch-up income amounting to P9.8 million, presented as part of the gain on debt modification under other (expenses) income, net in the consolidated statements of total comprehensive income.

### k. TLA with LBP - PNX-Chelsea

On May 31, 2024, PNX-Chelsea entered into a term loan agreement with LBP to restructure PNX Chelsea's outstanding bank loan amounting to P997.5 million and unpaid interest amounting to P290.1 million (Note 12.2). The restructured loan bears an annual interest rate of 5.00% applicable for years 1 and 2, subject to annual repricing starting year 3 until maturity. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. The loan does not include any financial covenant. The debt restructuring resulted in a substantial modification, thus, the restructured loan was recognized as new loan at fair value and resulted in recognition of a gain on debt modification amounting to P177.7 million in accordance with PFRS 9. The gain on debt modification is presented other (expenses) income, net in the consolidated statements of total comprehensive income.

The vessel of CSC and BMI with net carrying amounts of P30.3 million as at December 31, 2025 was used as a collateral to secure the payment of this loan (Note 7).

### l. LA with SBOA - CSC

On September 30, 2025, CSC entered into a loan agreement with SBOA to restructure CSC's outstanding loan amounting to P197.3 million (Note 12.2). The restructured loan bears an annual interest rate of 3.00% applicable for years 1 and 2, 4.00% subject to annual repricing starting year 3 until maturity. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. The loan does not include any financial covenant. The debt restructuring resulted in a substantial modification, thus, the restructured loan was recognized as new loan at fair value and resulted in recognition of a gain on debt modification amounting to P22.3 million in accordance with PFRS 9. The gain on debt modification is presented other (expenses), net in the consolidated statements of total comprehensive income. The loan does not include any financial covenant.

## 10.2 Bank loans

The details of the Group's bank loans are as follows:

	Security	Terms	Interest rates	Outstanding balance	
				2025	2024
Landbank of the Philippines	MT Chelsea Intrepid MT BMI Patricia Assignment of receivables Continuing suretyship	90 days	3.00 to 6.75%	22,660,600	156,560,600
Primary Institutional Leaders	MV TA21 and Pledge of shares	30 to 180 days	1.00 to 10.00%	660,723,162	702,519,769
PBB	Unsecured	180 days	7.50%	220,000,000	350,000,000
Pentacapital	Assignment of receivables	360 days	7.00%	-	1,233,162
				903,383,762	1,210,313,531

The bank loans were obtained to finance the drydocking of certain vessels and to support the Group's working capital requirements. These loans are secured by certain vessels owned by the Group with total net carrying amount of P30.3 million as at December 31, 2025 (2024 - P155.5 million) (Note 7). These loans do not include any financial covenants.

## 10.3 Mortgage loans

The details of the Group's mortgage loans are as follows:

	Security	Terms	Interest rates	Outstanding balance	
				2025	2024
BDO	Trans-Asia 1, 8, 10 CY3 REM, Continuing suretyship Chattel mortgage on	10 years	6.50%	110,086,304	146,781,739
Toyota Financials	transportation equipment Chattel mortgage on	3 years	10.07%	-	5,292,406
Eastwest	transportation equipment	3 years	9.71%	337,175	789,886
				110,423,479	152,864,031

Mortgage loans pertain to loans obtained by the Group to finance the acquisition of certain properties and transportation equipment. These loans bear average effective interest rates ranging from 6.75% to 10.07% in both 2025 and 2024.

These loans do not contain any financial covenants. These loans are secured by certain properties and transportation equipment with total carrying amount of P116.4 million as at December 31, 2025 (2024 - P176.9 million) (Note 7).

*Interest on term loans, bank loans and mortgage loans* Interest incurred on term loans, bank loans and mortgage loans for the year ended December 31, 2025 amounted to P736.2 million (2024 - P760.6 million; 2023 - P926.8 million) and is included as part of finance costs under the other (expenses) income, net in the consolidated statements of total comprehensive income (Note 15.1). Interest paid on term loans, bank loans and mortgage loans as presented in the consolidated statements of cash flows for the year ended December 31, 2025 amounted to P630.4 million (2024 - P451.9 million; 2023 - P466.7 million). The related unpaid interest as at December 31, 2025 amounted to P105,769,253 (2024 - P308,680,435) is presented as part of accrued expenses under the trade and other payables account in the consolidated statements of financial position (Note 11).

#### 10.4 Lease liabilities

The Group has leases for certain offices, warehouses and related facilities, lots and vessel and vessel equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property and equipment (Note 7).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over offices and warehouse and related facilities, the Group must keep these properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the consolidated statements of financial position as at December 31, 2025 and 2024.

	Number of rights-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
<b>December 31, 2025</b>					
Warehouses and related facilities	9	1-2 years	2 years	2	-
Lot	4	2-8 years	4 years	-	-
Offices	5	1-5 years	3 years	1	-
Office equipment	59	2 years	2 years	-	-
Vessel and vessel equipment	10	2-20 years	15 years	-	-
<b>December 31, 2024</b>					
Warehouses and related facilities	6	1-2 years	2 years	2	-
Lot	8	2-8 years	4 years	-	-
Offices	2	1-5 years	3 years	1	-
Vessel and vessel equipment	3	2-20 years	15 years	-	-

Additional information on the lease liabilities and amounts in respect of possible future lease extension or termination options not recognized as liability are as follows:

	Warehouses and related facilities	Lot	Offices	Office equipment	Vessel and vessel equipment	Total
December 31, 2025						
Lease liabilities	34,447,439	48,680,799	11,800,753	3,024,452	4,555,768,903	4,653,722,346
Number of leases with an extension option that is not considered reasonably certain of exercise	2	-	1	-	2	5
Additional lease liabilities that would be incurred were it to become reasonably certain that extension option would be exercised	-	-	-	-	-	-
December 31, 2024						
Lease liabilities	9,910,984	82,944,196	8,393,589	-	3,020,547,875	3,121,796,644
Number of leases with an extension option that is not considered reasonably certain of exercise	2	-	1	-	-	3
Additional lease liabilities that would be incurred were it to become reasonably certain that extension option would be exercised	-	-	-	-	-	-

Certain leases with termination option by the Group were exercised but no additional liabilities were charged to the Group. In 2025, the Group recognized a loss on pretermination of lease amounting to P2.8 million from the derecognition of right-of-use assets and lease liabilities amounting to P28.2 million and P25.3 million, respectively. The loss is presented as part of other (expenses) income, net in the consolidated total comprehensive income (Note 15).

Modification on lease liabilities amounting to P235.5 for the year ended December 31, 2025 (2024 - nil) pertain to availment of lease extension with increase in lease payments.

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities as at December 31 is as follows:

	Within 1 year	1 to less than 2 years	2 to less than 3 years	3 to less than 4 years	4 to less than 5 years	More than 5 years	Total
December 31, 2025							
Lease payments	837,150,248	721,631,729	683,098,685	674,964,322	602,092,163	3,254,656,565	6,773,593,712
Finance charges	(321,084,653)	(303,728,934)	(265,503,072)	(233,855,814)	(202,122,176)	(793,576,717)	(2,119,871,366)
Net present value	516,065,595	417,902,795	417,595,613	441,108,508	399,969,987	2,461,079,848	4,653,722,346
December 31, 2024							
Lease payments	1,169,774,405	475,774,340	349,089,975	328,015,308	274,682,701	1,622,033,571	4,219,370,300
Finance charges	(221,117,824)	(164,773,523)	(146,666,239)	(131,220,587)	(115,744,142)	(318,051,341)	(1,097,573,656)
Net present value	948,656,581	311,000,817	202,423,736	196,794,721	158,938,559	1,303,982,230	3,121,796,644

As at December 31, 2025 and 2024, the Group had not committed to any leases, which had not commenced.

The Group's short-term leases consist of contracts which have a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. Payments made under such leases are expensed on a straight-line basis. The expenses relating to short-term leases for the year ended December 31, 2025 amounted to P149.8 million (2024 - P186.2 million; 2023 - P79.2 million) and is presented as part of rentals under cost of sales and services (Note 12) and operating expenses (Note 13) in the consolidated statements of total comprehensive income. As at December 31, 2025, the Group's total commitment on these short-term leases amounted to P84.1 million (2024 - P47.2 million).

Amounts recognized in the statement of total comprehensive income and statement of cash flows.

The statement of total comprehensive income shows the following amounts relating to leases for each of the years ended December 31:

	Notes	2025	2024	2023
Amortization expense	7	421,153,033	251,847,204	210,318,323
Interest expense		268,598,027	228,051,866	224,175,196
Expense related to short-term and low value lease	12, 13	149,761,439	186,192,719	80,751,923

The total cash outflow for the lease agreements for the year ended December 31, 2025 amounted to P518.6 million (2024 - P490.4 million; 2023 - P264.2 million), with principal and interest payments amounting to P518.6 million and P267.0 million, respectively (2024 - P304.2 million and P228.0 million, respectively; 2023 - P183.4 million and P251.0 million, respectively).

*a. Discount rate*

Payments for lease of real property are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

*Critical accounting estimate and assumption - Determining the incremental borrowing rate*

To determine the incremental borrowing rate, the Group uses the government bond yield, adjusted for the (1) credit spread specific to the Group and (2) security using the right-of-use asset. The discount rate applied by the Group for the years ended December 31, 2025 and 2024 ranges from 6.50% to 8.81%.

*b. Extension and termination options*

Extension and termination options are included in the several leases of the Group. These are used to maintain operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by both the Group and the respective lessor.

*Critical accounting judgment - Determination of lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

All extension options in leases have been included in the lease liabilities because the renewal is most likely to happen given that the Group could not replace the assets without significant costs or business disruption. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

## 10.5 Net debt reconciliation

Presented below is the net debt reconciliation as at December 31:

	Notes	2025	2024
Cash	2	303,488,595	317,837,548
Advances from related parties	17	(289,000,000)	(504,000,000)
Loans and borrowings	10	(17,090,882,311)	(16,070,622,063)
Net debt		(17,076,393,716)	(16,256,784,515)

## 11 Trade and other payables

Trade and other payables as at December 31 consist of:

	Notes	2025	2024
Trade payables			
Third parties		3,052,006,465	2,924,642,783
Related parties	6, 17.2	2,707,034,703	2,474,552,586
Accrued expenses	10.3, 17.2	1,088,862,382	1,101,210,091
Subscription payable	8.1	781,249,998	781,249,998
Deferred output VAT		450,257,773	558,616,719
Non-trade payables	17.6	500,000,000	500,000,000
Government-related obligations		222,638,503	365,021,739
Output VAT payable		268,903,980	216,232,684
Deferred income		7,987,596	9,212,953
Provisions	20.3	26,955,942	26,955,942
Others		58,610,844	98,215,923
		9,164,508,186	9,055,911,418

Trade payables are non-interest-bearing payable to suppliers with an average credit period of 30 days.

As at December 31, 2024, portion of the trade payables amounting to P81.5 million pertains to unpaid portion of the acquired property and equipment (Note 7).

Accrued expenses comprise amounts to be paid in relation to warehouse construction, repairs and maintenance, fuel and lubricants, interest expense arising from loans, fines and penalties related to taxes, and professional fees rendered to the Group.

In 2025, the Group reversed certain trade and other payables amounting to P327.7 million (2024 - P34.5 million) which include long outstanding balances that were determined by management to be no longer due after reconciliation or confirmation with suppliers and vendors. The resulting gain is presented as part of the other (expenses) income, net in the consolidated statements of total comprehensive income (2024 - P34.5 million; 2023 - P92.5 million) (Note 15).

Subscription payable pertains to the amount of subscribed shares on the Group's investment in an associate/FVOCI that remains unpaid as of December 31, 2025 and 2024 (Note 8.1).

Deferred output VAT pertains to taxes payable based on VATable revenues from services rendered, which remained uncollected as at the end of the reporting periods.

## 12 Cost of sales and services

The details cost of sales and services for each of the years ended December 31 are shown below:

	Notes	2025	2024	2023
Bunkering	4, 17.2	2,742,173,542	2,601,654,964	2,230,770,388
Depreciation and amortization		1,850,238,603	1,627,670,045	1,265,327,437
Salaries and employee benefits	14.1	625,033,624	644,377,191	509,098,886
Repairs and maintenance	4	424,309,375	297,185,060	204,545,638
Outside services		378,469,088	342,249,865	407,764,544
Handling costs		244,778,557	210,972,230	211,081,166
Insurance		196,143,757	215,068,763	239,549,062
Cost of inventories sold		185,890,491	102,873,209	81,301,899
Port expenses		116,671,101	90,769,094	108,824,999
Supplies	4	111,015,306	94,895,951	94,275,622
Rentals	17.3	62,578,590	59,299,461	53,522,302
Utilities and communication		53,043,748	47,444,431	47,727,733
Taxes and licenses		35,003,161	22,741,564	27,931,115
Charter hire fees		29,524,772	84,451,532	2,403,522
Transportation and travel		26,179,795	16,824,453	13,548,471
Commission		12,545,388	30,019,489	29,947,772
Representation and entertainment		1,581,132	1,496,466	1,183,558
Professional fees		4,000	86,254	366,303
Miscellaneous		68,840,926	60,177,522	69,204,117
		7,164,024,956	6,550,257,544	5,598,374,534

## 13 Operating expenses

The details of operating expenses for each of the years ended December 31 are shown below:

	Notes	2025	2024	2023
Salaries and employee benefits	14.1	503,554,893	538,882,929	402,509,532
Fines, fees and penalties		119,245,040	81,951,486	210,804,154
Outside services		85,439,413	98,759,626	358,984,371
Rentals	17.3, 20.2	59,959,395	42,441,726	24,826,099
Depreciation and amortization	7,9	54,836,564	62,708,982	87,812,372
Representation and entertainment		48,636,905	15,098,324	54,903,684
Taxes and licenses		34,199,472	47,488,953	71,513,774
Transportation and travel		33,304,912	31,105,205	22,830,254
Utilities and communication		26,152,646	24,832,377	20,962,894
Professional fees		21,755,282	32,421,287	55,142,212
Supplies	4	15,278,153	16,901,377	27,292,080
Repairs and maintenance	4	9,392,288	8,403,611	5,981,659
Advertising and promotions		8,317,187	8,806,833	5,346,912
Insurance		1,607,369	1,483,910	1,829,179
Commission		60,000	88,421	3,718,132
Miscellaneous		106,217,656	63,073,506	43,351,684
		1,127,957,175	1,074,448,553	1,397,808,992

Miscellaneous consists mainly of dues and subscriptions, organizational development expenses, freight and handling and environmental expenses.

## 14 Salaries and employee benefits

### 14.1 Salaries and employee benefits

The details of salaries and employee benefits for the years ended December 31 are shown below:

	Notes	2025	2024	2023
Short-term employee benefits		1,009,100,745	887,570,602	817,790,989
Retirement benefits	14.2 (b)	42,012,220	179,639,382	21,662,787
Bonus and incentives		31,469,376	34,516,576	19,366,676
Share-based compensation	18.5	4,053,416	4,959,925	8,368,067
Other employee benefits		41,952,760	76,573,635	44,419,899
		1,128,588,517	1,183,260,120	911,608,418

Other benefits include profit sharing, compensated absences, and other allowances.

These expenses are classified in the consolidated statements of total comprehensive income for each of three years ended December 31 as follows:

	Notes	2025	2024	2023
Cost of sales and services	12	625,033,624	644,377,191	509,098,886
Operating expenses	13	503,554,893	538,882,929	402,509,532
		1,128,588,517	1,183,260,120	911,608,418

### 14.2 Retirement benefit obligation, net

The Group maintains a funded, non-contributory post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The trustee bank managed the fund in coordination with the Group's management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment defined benefit plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five periods of credited service. Normal retirement benefit is an amount equivalent to 22.5 days' pay for every year of credited service.

In 2024, the Group amended the retirement plan given to regular employees as follows:

- Less than six (6) years of credited services - an amount equivalent to 22.5 days of the plan salary for every year of service;
- Six (6) years but less than 11 years of credited services - 100% of the plan salary for every year of service;
- 11 years but less than 16 years of credited services - 125% of the plan salary for every year of service;
- 16 years to 20 years of credited services - 150% of the plan salary for every year of service; and
- More than 20 years - 175% of the plan salary for every year of service;

The Group also provides late retirement benefits but not beyond age 65, on a case-to-case and yearly extension basis and subject to the consent of the Group. A percentage of the plan salary for every year of credited service up to 200% if more than 10 years. It also covers death and total permanent disability which is equivalent to 100% of plan salary for every year of credited service.

The above amendments to the retirement plan of the Group resulted in recognition of past services costs for the year ended December 31, 2024.

### *TASLI defined benefit plan*

The post-employment defined benefit plan of Trans-Asia also provides for an early retirement for employees who have served or worked continuously for a period equivalent to the last salary for every year of service as shown below:

- (i) For regular employees who were hired before December 1, 2006
  - more than two periods to five periods - 7.5 days per year of service
  - five periods and years to 10 periods - 15 days per year of service
  - ten periods and years to 15 periods - 22.5 days per year of service
  - 15 periods and years and above - 30 days per year of service
- (ii) For regular employees who were hired starting December 1, 2006
  - Five periods and years to nine periods - 7.5 days per year of service
  - Nine periods and years to 15 periods - 15 days per year of service
  - 15 periods and five months to 20 periods - 22.5 days per year of service
  - 20 periods and years and above - 30 days per year of service

Further, Trans-Asia has provided its employees an opportunity to avail an advance on their retirement benefit. These can be availed by employees who were hired before December 31, 2006 and has rendered more than two periods of service to Trans-Asia and by employees who has been hired starting December 31, 2006 and has rendered at least five periods and years of service to Trans-Asia. The total number of periods of service of employees who availed of advance payment of a portion of his/her retirement shall deducted with the number of periods he/she availed as advance retirement.

Actuarial valuations are made regularly to update the retirement benefit expense and the amount of contributions.

### *Retirement benefit asset*

The retirement benefit asset presented in the consolidated statements of financial position as at December 31, 2025 and 2024 pertains to the funded retirement plan of MI, a subsidiary of CSC. In 2017, MI transferred all its regular employees to CMMRI, another subsidiary of CSC, however, the funded retirement plan remains with MI.

The movements on the fair value of plan assets for the years ended December 31 are presented below:

	2025	2024
Balance at beginning of the year	1,992,064	1,911,736
Interest income	93,707	80,328
Balance at end of the year	2,085,771	1,992,064

The composition of the fair value of plan assets as at December 31 by category and risk characteristics is shown below:

	2025	2024
Cash and cash equivalents	62,681	89,186
Government securities	1,100,013	1,082,032
Corporate debt securities	872,543	767,632
Equity securities	48,500	48,600
Others	2,034	4,614
	2,085,771	1,992,064

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets and are classified as Level 1 of the fair value hierarchy.

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

### Retirement benefit obligation

The amounts of retirement benefit obligation recognized in the consolidated statements of financial position as at December 31 are determined as follows:

	2025	2024
Present value of the obligation	424,563,859	357,476,282
Fair value of plan assets	(49,851,252)	(47,436,460)
	374,712,607	310,039,822

The amounts of retirement benefit obligation recognized in the consolidated statements of financial position as at December 31 are determined as follows:

	2025	2024
Balance at beginning of year	357,476,282	182,584,582
Current service cost	42,012,220	40,133,221
Interest cost	21,138,834	18,411,984
Past service cost	-	139,506,161
Actuarial loss (gains) due to changes in:		
Financial assumptions	(9,318,970)	124,252
Experience assumptions	27,472,321	(17,819,033)
Demographic assumptions	-	10,686,696
Benefits paid from plan asset	(535,303)	(11,940,575)
Benefits paid from operating funds	(13,681,525)	(4,211,006)
Balance at end of year	424,563,859	357,476,282

The details of the fair value of plan assets as at December 31 are presented below:

	2025	2024
Balance at beginning of year	47,436,460	55,358,135
Benefits paid	(535,303)	(11,940,575)
Contributions	592,658	1,435,130
Interest income	2,865,763	3,475,350
Remeasurement loss	(508,326)	(891,580)
Balance at end of year	49,851,252	47,436,460

The composition of the fair value of plan assets as at December 31 by category and risk characteristics is shown below:

	2025	2024
Cash and cash equivalents	160,635	211,557
Government securities	11,242,098	11,164,411
UITF	10,707,783	4,652,485
Corporate debt securities	27,220,754	30,799,353
Equity securities	194,000	194,400
Others	325,982	414,254
	49,851,252	47,436,460

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets and are classified as Level 1 of the fair value hierarchy.

### *Critical accounting estimate and assumptions - Valuation of retirement benefit obligation*

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining retirement benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit obligation.

The principal assumptions used in the actuarial valuations for the years ended December 31 are as follows:

	2025	2024
Discount rates	6.23% - 6.51%	6.07% - 6.14%
Expected rate of salary increases	5.00%	5.00%

#### *Discount rate*

The discount rate is determined by reference to the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEX (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, and considering the average years of remaining working life of the employees as at the estimated term of the benefit obligation.

#### *Salary rate increases*

This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increases comprise of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

#### *Demographic assumptions*

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

Other key assumptions for retirement benefit obligation are based in part on current market conditions.

The average remaining working lives of an individual retiring at the age of 60 is 23 years (2023 - 20.4 years).

#### *a. Risks associated with the retirement plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

##### *i. Investment and interest risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yield of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has investments in cash and cash equivalents, debt and equity. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

*ii. Longevity and salary risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

b. Other information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

*i. Sensitivity analysis*

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as at December 31.

	Impact on retirement benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
December 31, 2025			
Discount rate	+/- 1.0%	(31,742,231)	36,722,786
Salary growth rate	+/- 1.0%	38,529,634	(33,814,742)
December 31, 2024			
Discount rate	+/- 1.0%	(32,495,367)	32,245,394
Salary growth rate	+/- 1.0%	33,100,970	(33,680,581)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the consolidated statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

*ii. Asset-liability matching strategies*

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of the plan assets as of December 31, 2025 and 2024 consists of equity and debt securities. The Group believes that equity securities offer the best returns over the long term with an acceptable level of risk. The majority of equity securities are in a diversified portfolio of local blue-chip entities.

There has been no change in the Group's strategies to manage its risks from the previous period.

iii. *Funding arrangements and expected contributions*

As at December 31, 2025 the plan is underfunded by P374.7 million (2024 - P310.0 million). While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 23 years' time when a significant number of employees is expected to retire. As at reporting date, there are no planned contributions in the succeeding year.

The maturity profile of undiscounted expected benefit payments from the plan within the next ten years from December 31 follows:

	2025	2024
One to five years	169,855,109	129,031,080
More than five years but not more than ten years	549,076,972	468,345,721
	718,932,081	597,376,801

**15 Other (expenses) income, net**

**15.1 Finance costs**

The details of finance costs for each of the three years ended December 31 are shown below:

	Note	2025	2024	2023
Interest expense on:				
Term and bank loans	10	736,173,400	760,621,950	926,769,953
Lease liabilities	10	268,598,027	228,051,866	224,175,196
Deficiency income taxes		31,506,120	37,497,359	70,352,250
Retirement benefits		18,273,071	18,411,984	6,087,588
		1,054,550,618	1,044,583,159	1,227,384,987

**15.2 Finance income**

Finance income pertains to interest income from cash in banks amounting to P1,735,568 for each of the three years ended December 31, 2025 (2024 - P1,341,662; 2023 - P1,115,715) (Note 2).

**15.3 Other gain (loss), net**

Presented below are the details of other gain (loss), net for each of the three years ended December 31:

	Notes	2025	2024	2023
Foreign currency exchange losses, net		(110,954,266)	(66,493,687)	(27,989,076)
Claims for demurrage charges		62,700,000	-	-
Offhire claims		60,949,777	-	-
(Loss) gain on sale of property and equipment, net	7	(8,964,497)	8,405,252	(161,386,160)
Bank charges		(7,083,927)	(1,887,087)	(3,383,715)
Provision for claims payable	20.3	-	(26,345,553)	-
Deferred charges written off	9	-	(56,401,122)	-
Miscellaneous	4	136,132,090	77,598,333	82,510,194
		132,779,177	(65,123,864)	(110,248,757)

Claims for demurrage charges for the year ended December 31, 2025 amounting to P62,700,000 (2024 and 2023 - nil) pertains to incidental recoveries from time charter hires arising from delays beyond agreed laytime.

Offhire claim for the year ended December 31, 2025 amounting to P60.9 million (2024 and 2023 - nil) pertains to offhire of chartered vessels which were billed to shipowners under time charter contract.

Miscellaneous includes gain on sale of scrap materials, excess customer charges over baggage, beddings and other services.

## 16 Income taxes

### 16.1 Registration with the Board of Investments (BOI)

In 2019, Starlite had registered MV Starlite Sprint 1 with BOI under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987 as a new operator of domestic/interisland shipping on a pioneer status. As a registered entity, the Company is entitled to tax and non-tax incentives, which include a four-year income tax holiday (ITH). In August 2020, Starlite registered MV Starlite Venus, which commenced in November 2020 with a period of four years.

In 2021, Starlite applied for a deferment of ITH on its vessels as Starlite is in gross loss position and has not fully enjoyed the related tax incentives granted to it. In February 2022, Starlite's application for deferment was approved by the BOI.

On April 26, 2022, Trans-Asia had registered its activities for MV Trans-Asia 21 with the BOI as a new domestic market enterprise engaged in interisland water passenger transport. The registered project is entitled to four-year income tax holiday, five-year enhanced deduction, and eleven-year duty exemption, from the start of commercial operations but shall in no case be earlier than the date of registration.

### 16.2 Current and deferred taxes

The components of tax expense as reported in the consolidated statements of total comprehensive income for each of the years ended December 31 are shown below:

	2025	2024	2023
Recognized in profit or loss:			
Regular corporate income tax at 25%	99,334,221	64,215,262	34,713,440
Minimum corporate income tax (MCIT) at 2.0%	12,246,249	25,650,326	24,847,665
Final tax at 20% and 7.5%	2,031,278	665,982	208,020
	113,611,748	90,531,570	59,769,125
Deferred income tax (benefit) expense	(96,762,995)	922,308	35,859,546
	16,848,753	91,453,878	95,628,671
Recognized in other comprehensive income			
Deferred income tax (benefit) expense	(46,810,821)	58,973,846	243,380,779

The reconciliation of tax on pre-tax income (loss) computed at the applicable statutory rate to tax income reported in the consolidated statements of total comprehensive income is as follows:

	2025	2024	2023
Tax on pretax income (loss) at 25%	16,745,457	67,212,252	(261,800,525)
Adjustments for income subjected to lower tax rates	(158,566)	(166,495)	(34,258)
Tax effects of:			
Unrecognized deferred tax assets on net operating loss carryover (NOLCO)	106,773,614	231,919,781	256,872,656
Non-deductible expenses	43,765,610	62,623,371	207,846,141
Benefit from previously unrecognized DTA	(103,073,977)	(171,239,179)	(89,005,456)
Nontaxable income	(22,000,816)	(118,956,351)	(34,238,903)
Unrecognized deferred tax assets on MCIT	8,619,475	35,700,640	10,676,255
Derecognition of unutilized DTA	-	-	5,312,761
Net loss on BOI-registered activities	(33,822,044)	(15,640,141)	-
	16,848,753	91,453,878	95,628,671

Movements in the DIT assets for the years ended December 31 are as follows:

	Note	2025	2024	2023
Balance at beginning of the year		109,368,990	37,582,101	47,274,610
(Charged) credited to profit or loss		(27,998,640)	87,951,034	(9,283,220)
Credited (charged) to other comprehensive income	18.2	5,339,813	(16,164,145)	(409,290)
Balance at end of the year		86,710,163	109,368,990	37,582,100

The net deferred tax assets of the Parent Company and certain subsidiaries as at December 31 pertain to the following:

	2025	2024
Retirement benefit obligation	56,748,625	55,760,494
Impairment losses on trade and other receivables	22,247,111	33,749,298
Share-based compensation	8,705,408	8,344,660
Unrealized foreign exchange loss	7,598,054	7,700,154
Leases	229,821	14,985,057
Revaluation reserves on property and equipment	(3,946,194)	(66,722,899)
Discount on debt modification	(6,087,881)	(9,991,993)
MCIT	-	35,470,885
Impairment losses on property and equipment	-	29,037,205
Others	1,215,219	1,036,129
	86,710,163	109,368,990

#### Unrecognized DIT assets

The Parent Company and certain subsidiaries have unrecognized DIT assets on NOLCO as at December 31, 2025 amounting to P1,455.3 million (2024 - P2,491.4 million).

Realization of future tax benefit related to DIT assets is dependent on the Parent Company and its subsidiaries' ability to generate future taxable income during the periods in which these are expected to be recovered. The Parent Company and its subsidiaries has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at December 31, 2025 and 2024 and regularly reviews the recoverability of the DIT assets recognized.

The details of the Group's NOLCO and MCIT are shown below:

Year	Original amount	Applied in previous years	Applied in current year	Expired balance	Remaining balance	Valid until
NOLCO:						
2025	427,094,455	-	-	-	427,094,455	2028
2024	1,061,090,203	-	-	-	1,061,090,203	2027
2023	1,952,738,793	(8,510,421)	(7,912,053)	-	1,936,316,319	2026
2022	2,024,721,948	(6,906,796)	(201,060,640)	(1,816,754,512)	-	2025
2021	2,942,038,524	(435,875,681)	(109,488,624)	-	2,396,674,219	2026
2020	2,005,988,698	(176,254,978)	(58,601,613)	(1,771,132,107)	-	2025
	10,413,672,621	(627,547,876)	(377,062,930)	(3,587,886,619)	5,821,175,196	
MCIT:						
2025	6,697,774	-	-	-	6,697,774	2028
2024	48,404,405	-	(40,412,867)	-	7,991,538	2027
2023	7,516,741	-	(1,960,086)	-	5,556,655	2026
2022	6,717,541	-	(1,584,771)	(5,132,770)	-	2025
	69,336,461	-	(43,957,724)	(5,132,770)	20,245,967	

In 2020, pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Any net operating losses of a business that will be incurred for other taxable years can be carried over as a deductible expense from taxable for three (3) consecutive taxable years following the year of such loss.

The Group is subject to the MCIT, which is computed at 2% of gross income in 2025, 2% of gross income in 2024 and 1.5% of gross income in 2023 as defined under the tax regulations or RCIT, whichever is higher.

Movements in the DIT liabilities for the years ended December 31 are as follows:

	Note	2025	2024	2023
Balance at beginning of the year		(774,366,393)	(642,683,350)	(370,764,425)
Credited (charged) to profit or loss		124,761,635	(88,873,342)	(28,947,436)
Charged to other comprehensive income	18.2	41,471,008	(42,809,701)	(242,971,489)
Balance at end of the year		(608,133,750)	(774,366,393)	(642,683,350)

The net deferred tax liabilities of certain subsidiaries as at December 31 are as follows:

	2025	2024
Revaluation reserves on property and equipment	(568,386,937)	(666,341,428)
Gain on debt modification	(159,799,055)	(167,426,296)
Impairment losses on trade and other receivables	136,865,227	129,501,057
Leases	(78,769,727)	(55,439,912)
Capitalized borrowing costs	(28,829,703)	(30,334,236)
Impairment losses on property and equipment	37,331,653	6,681,144
Provisions	6,676,795	6,676,795
Retirement benefit obligation	13,662,209	3,834,880
Unamortized foreign exchange gain	30,954,222	(2,371,109)
Share-based compensation	2,161,566	837,977
Others	-	14,735
	(608,133,750)	(774,366,393)

For each of the three years in the period ended December 31, 2025, the Group opted to claim itemized deductions in computing for its income tax due.

### 16.3 Impact of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) act

On March 26, 2022, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), was signed into law effective after fifteen (15) days from its complete publication in the Official Gazette or in a newspaper of general circulation.

Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) rates as follows:

- Reduction of CIT rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated);
- Reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT; and
- MCIT rate shall also be amended to 1%, instead of 2%, for the period beginning July 1, 2021 until June 30, 2023. Effective July 1, 2023, the MCIT rate reverted to 2%. Accordingly, the Group was subjected to 1.5% MCIT for the year ended December 31, 2023.

### *Critical accounting judgment - Income taxes; Recoverability of DIT assets*

Significant judgment is required in determining the income tax expense recognized in profit or loss. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognizes liabilities for anticipated tax assessment issues when it is probable. The liabilities are based on assessment and judgment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Group's income tax and related liability in the period in which such determination is made.

Further, the recognition of DIT assets depends on management's assessment of the probability and available future taxable income against which the temporary difference can be applied. The Group reviews the carrying amount of its DIT assets at the end of each reporting period and reduces the amounts to the extent it is no longer probable that sufficient taxable profit will allow all or part of its DIT assets to be utilized. Management has assessed during the reporting periods that the Group will be able to generate sufficient future taxable income against which the temporary differences can be applied.

### **17 Related party transactions**

The Group's related parties include Udenna, related parties under common ownership, associates, the Group's key management personnel.

Transactions amounting to more than 10% or more of the total consolidated assets that were entered into with a related party, either individually or in aggregate value over a 12-month period with the same related party, are considered material. This is based on the requirements of SEC Memorandum Circular No. 2019-10, Rules of Material Related Party Transactions of Publicly-listed Corporations.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transactions (RPT) may be ratified by the vote of the stockholders representing at least two-thirds of the capital stock. For aggregate RPT transactions within a 12-month period that breaches the materiality threshold of 10% or more of the total consolidated assets, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

A summary of the Group's transactions with its related parties for the years ended December 31, 2025, 2024 and 2023 and the related outstanding balances as at December 31, 2025 and 2024 is presented below:

	Notes	Amount of transactions			Due from (due to)	
		2025	2024	2023	2025	2024
Ultimate Parent Company:						
Cash advances granted	17.4	(P35,767)	-	4,338,633	7,105,724,937	7,105,760,704
Associate:						
Sale to Dito	8, 17.4	(271,874,967)	-	-	-	271,874,967
Related parties under common control:						
Chartering of services						
Rendered	17.1	-	-	9,881,618	55,471,143	55,471,143
Fuel purchases	17.2	125,982,829	424,755,506	308,319,152	(2,553,342,058)	(2,924,642,783)
Acquisition of CSC's shares	17.6	-	-	-	(500,000,000)	(500,000,000)
Rental expense	17.3	29,123,117	12,702,969	1,025,325	(153,692,645)	(134,368,784)
Cash advances granted	17.4	(32,238)	-	-	86,000,000	86,032,238
Cash advance obtained	17.4	(215,000,000)	-	(25,490,390)	(289,000,000)	(504,000,000)
Right-of-use assets	7, 17.7	-	(5,552,180)	(16,656,541)	-	-
Lease liabilities	10.4, 17.7	-	5,118,195	17,220,905	-	-
Stockholders:						
Cash advances granted	17.4	70,810,003	-	2,661,432	243,760,421	172,950,418
Key management personnel						
Compensation and benefits	17.8	47,350,000	52,270,000	43,978,811	-	-

Unless otherwise stated, the outstanding receivables and payables from and to related parties are unsecured, noninterest-bearing and are generally settled in cash upon demand or through offsetting arrangement with the related parties.

### 17.1 Charter fees

The Group entered into chartering agreements with PPPI, a related party under common ownership, which are made on the same terms as those transactions with third parties. The amounts of revenue recognized are presented as part of charter fees under the revenues section of the consolidated statements of profit or loss. The related outstanding receivable as at December 31, 2025 and 2024 is presented as part of trade receivables and other receivables in the consolidated statements of financial position (Note 3).

The outstanding receivables from related parties are unsecured and do not bear any interest and the credit terms range from 30 to 45 days. Further, no impairment loss was recognized on the outstanding receivables from related parties as of December 31, 2025 and 2024 based on management's assessment.

### 17.2 Fuel purchases

The Group purchases fuel and lubricants from PPPI, a related party under common ownership. Fuel consumed is included as part of bunkering under the cost of sales and services in the consolidated statements of total comprehensive income (Note 12) while the total purchases amounted to P125.9 million and P424.8 million in 2025 and 2024, respectively. The outstanding liability, which are unsecured, and do not bear any interest and the credit terms range from 30 to 90 days, arising from these transactions as at December 31, 2025 and 2024 is presented as part of trade payables and accrued expenses under trade and other payables in the consolidated statements of financial position (Note 11).

### 17.3 Rentals

The Group entered into a one-year contract of lease covering vehicles with Valueleases, Inc., a related party under common ownership, renewable at the end of the lease term upon mutual agreement of the parties. Related expense is presented as part of rentals under cost of sales and services in the consolidated statements of total comprehensive income (Notes 12). The Outstanding security deposits arising from this transaction is presented as part of security deposits under the other non-current assets in the consolidated statements of financial position (Note 9).

### 17.4 Advances to and from related parties

In the normal course of business, the Group grants and obtains unsecured, non-interest-bearing cash advances to and from its related parties mainly for working capital requirements and to bridge financing of vessel acquisitions pending draw down of related loans.

As at December 31, 2025 and 2024, the outstanding receivable and payable balances from these advances are shown as advances to related parties and advances from related parties, respectively, in the consolidated statements of financial position. These advances have no repayment terms and are payable in cash on demand or through offsetting arrangement with the related parties.

Advances to the ultimate parent company may be offset or applied against outstanding non-trade payable with entities under common control. The balance is to be secured by an equity investment of the ultimate parent company that will be transferred to the Group upon execution of assignment agreement. Management expects this to be completed within 12 months from reporting date. This equity investment represents an interest in a related party under common control that maintains a profitable operational history, supported by strategic high-value assets and significant landholdings. Based on the fair value of the investment as at December 31, 2025, the projected value of the net assets to be received exceeds the carrying amount of the advances.

The movements in advances to related parties for the years ended December 31 are as follows:

	Ultimate parent company	Associate	Related parties under common control	Shareholders	Total
<b>December 31, 2025</b>					
Balance at beginning of year	7,105,760,704	271,874,967	86,032,238	172,950,418	7,636,618,327
Advances	-	-	-	70,810,003	70,810,003
Reclassification	-	(56,874,967)	-	-	(56,874,967)
Collections	(35,767)	(215,000,000)	(32,238)	-	(215,068,005)
Balance at end of year	7,105,724,937	-	86,000,000	243,760,421	7,435,485,358
<b>December 31, 2024</b>					
Balance at beginning of year	7,117,460,312	271,874,967	86,032,238	150,885,270	7,626,252,787
Advances	-	-	-	22,065,148	22,065,148
Collections	(11,699,608)	-	-	-	(11,699,608)
Balance at end of year	7,105,760,704	271,874,967	86,032,238	172,950,418	7,636,618,327

Based on management's assessment, no impairment loss is recognized in 2025, 2024 and 2023 related to the advances granted to related parties (Note 23.2).

The movements in the advances from related parties for the years ended December 31 are as follows:

	2025	2024	2023
Balance at beginning of year	504,000,000	504,000,000	529,490,390
Cash flow from financing activities			
Repayments	-	-	(25,490,390)
Non-cash transaction			
Offset against advances from a related party	(215,000,000)	-	-
Balance at end of year	289,000,000	504,000,000	504,000,000

In 2025, the advances to associate amounting to P215.0 million was offset against the advances from a related party under common control. The balance of P56.9 million as at December 31, 2025 was reclassified as non-trade receivable in the consolidated statements of financial position when the Parent Company ceased significant influence in the associate.

### 17.5 Transactions with post-employment defined benefit plan

The Group's retirement fund is a multi-employer retirement plan, which is administered by a trustee bank. The retirement fund includes investments in cash and cash equivalents, equity and debt securities, with fair value totaling P51.9 million as at December 31, 2025 (2024 - P49.3 million). As of December 31, 2025 and 2024, the Group's retirement funds do not include any investments in debt or equity securities issued by the Group or any of its related parties.

The details of the contributions of the Group and benefits paid out by the plan to employees are presented in Note 14.2.

### 17.6 Acquisition of CSC shares

On November 24, 2016, the Parent Company acquired all of the outstanding shares of CSC from PPPI, a related party under common control, for a total consideration of P2.0 billion. The carrying amounts of the consolidated assets and liabilities of CSC at the time of acquisition amounted to P8.4 billion and P5.4 billion, respectively. The excess of the net identifiable assets over the acquisition price is presented as other reserves under the equity section of the consolidated statements of financial position (Note 8.3).

As at December 31, 2025 and 2024, the outstanding liability from this transaction amounting to P500.0 million is presented as non-trade payables under the trade and other payables in the consolidated statements of financial position (Note 11).

### 17.7 Lease

The Parent Company occupies certain office space owned by a related party under common control. As at December 31, 2025, a formal lease contract has not been executed; however, the Company is billed on a monthly basis for the use of the premises. Related expense is presented as part of rentals under operating expenses in the consolidated statements of total comprehensive income. The outstanding payable is presented as part of trade payables in the consolidated statements of financial position.

### 17.8 Key management personnel compensation

The Group's key management personnel compensation includes short-term benefits, shared-based compensation and post-employment defined benefits for the year ended December 31, 2025 amounting to P47.3 million (2024 - P52.3 million; 2023 - P44.0 million) and are included as part of salaries and employee benefits under operating expenses in the consolidated statements of total comprehensive income (Note 13).

### 17.9 Others

Certain interest-bearing loans of the Group were secured by a corporate guarantee of Udenna and by certain stockholders through a continuing surety agreement with the respective banks (Note 10.1). Certain interest-bearing loans of Udenna were also secured by a corporate guarantee of the Parent Company through a continuing surety agreement with the respective banks.

#### *Related party balances and transactions eliminated during consolidation*

The following related party balances as at December 31 were eliminated for the purpose of preparing the consolidated statements of financial position:

	2025	2024
Trade and other receivables	3,125,502,466	2,963,432,670
Advances to related parties	11,669,624,329	11,236,199,954
Investment in subsidiaries	18,564,397,319	18,564,397,319
Trade and other payables	(3,125,502,466)	(2,963,432,670)
Advances from related parties	(11,669,624,329)	(11,236,199,954)

The following related party transactions as at December 31 were eliminated for the purpose of preparing the consolidated statements of total comprehensive income:

	2025	2024
Revenue	1,151,756,953	1,055,840,328
Cost of sales and services	831,767,103	716,770,661
Operating expenses	319,989,850	339,069,667

There are no unrealized gains and losses eliminated in the consolidation.

*Critical accounting estimate - Expected credit losses (ECL) on trade receivables from related parties and advances to related parties*

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgments. In determining the ECL on trade receivables from related parties and advances to related parties, the Group used three years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in inflation rate and gross domestic product to reflect the current and forward-looking information.

Any change in the Group's assessment of the collectability of due from related parties could impact its carrying amount and related provision for impairment.

*Critical accounting judgment: Recoverability of trade receivables from related parties and advances to related parties*

Management evaluates specific accounts under advances to related parties who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, credit profile of its related parties including its ultimate parent, the Group's liquidity position, available settlement arrangements and quality of securities or collateral held, if any. Based on this assessment, management concluded that the advances are recoverable as supported by the existence of planned settlement mechanisms and restructuring initiatives within the Group, which are expected to facilitate recovery of the advances to related parties. Management continues to monitor developments and will reassess recoverability should circumstances change in future reporting periods.

The net carrying amounts of advances to related parties at the end of the reporting period and the amount and timing of recorded expenses would therefore differ based on actual experience and changes in judgments made.

## 18 Equity

### 18.1 Share capital

Share capital as December 31 consists of:

	Shares			Amounts		
	2025	2024	2023	2025	2024	2023
Preferred shares - P1 par value						
Authorized	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Issued and outstanding	500,000	500,000	500,000	500,000	500,000	500,000
Common shares - P1 par value						
Authorized	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000
Issued						
Balance at beginning of the year	1,899,768,615	1,899,768,615	1,821,977,615	1,899,768,615	1,899,768,615	1,821,977,615
Issuance during the year	-	-	77,791,000	-	-	77,791,000
Balance at end of the year	1,899,768,615	1,899,768,615	1,899,768,615	1,899,768,615	1,899,768,615	1,899,768,615
Subscribed shares	375,000,000	375,000,000	375,000,000	375,000,000	375,000,000	375,000,000
Less - Subscription receivable						
Balance at beginning of the year	131,250,000	131,250,000	281,250,000	131,250,000	131,250,000	281,250,000
Paid during the year	-	-	(150,000,000)	-	-	(150,000,000)
Balance at end of the year	131,250,000	131,250,000	131,250,000	131,250,000	131,250,000	131,250,000
Total issued, subscribed and outstanding shares	2,144,018,615	2,144,018,615	2,144,018,615	2,144,018,615	2,144,018,615	2,144,018,615

On March 27, 2017, the Parent Company acquired all of UIBVs outstanding capital stock through a share swap agreement with Udenna wherein Udenna transferred to the Parent Company 18,200 UIBV shares. In exchange, the Parent Company issued 775,384,615 new common shares from its authorized and unissued capital stock in favor of Udenna. In addition, the Parent Company recognized APIC amounting to P5,272.6 million.

On July 11, 2017, the SEC issued an order approving the Registration Statement covering the securities, which comprised the Parent Company's outstanding capital stock. On August 8, 2017, the Parent Company's shares were listed in the PSE and the trading of offer shares commenced. The Parent Company offered to the public primary shares at an offer price of P10.68 per share for total gross proceeds of P5.8 billion. In addition, the Parent Company recognized the APIC amounting to P4,725.8 million, net of issuance costs amounting to P565.3 million. As at December 31, 2025, the Parent Company's listed shares closed at P0.96 per share (2024 - P1.31 per share).

On October 6, 2020, the Shareholders ratified the BOD's approval of the issuance of 500,000 preferred shares via private placement to Global Kingdom Investments Limited at the subscription price of P1,000 per share, subject to certain terms and conditions. The par value of the preferred shares is P1.0 per share.

On the same date, the Shareholders also ratified the BOD's approval of the increase in the authorized capital stock of the Parent Company to P3.5 billion. The increase of 1,500,000,000 shares, consists of all common shares. Udenna subscribed to 375,000,000 common shares, which is 25% of the increase, at the price of P3.26 per share with reference to the 90-day volume weighted average price. The par value of the common shares is P1.0 per share.

The receipt of capital infusion from Global Kingdom Investments Limited amounting to P414.8 million and from Udenna amounting to P305.6 million, totaling to P720.4 million was presented as deposits on future stock subscriptions under equity section as at December 31, 2021 and was reclassified as part of share capital and additional paid-in capital in 2022 upon approval of the increase in the authorized capital stock of SEC on April 4, 2022 (Note 1.1).

In 2022, Global Kingdom Investments Limited has fully paid its subscriptions to preferred shares and the Parent Company subsequently issued the preferred shares. The preferred shares are non-voting, redeemable at the option of the issuer at subscription price and earn cumulative cash dividend at a rate of 8% per annum payable upon BOD'S declaration and approval.

The subscription of Udenna diluted the public ownership of the Parent Company from 30% to 25% in 2022. In October 2023, the Parent Company entered into subscription and debt conversion agreements with lenders Metropolitan Bank & Trust Company - Trust Banking Group (MBTC) and Private Education Retirement Annuity Association (PERPA), in which the Parent Company settled two of its outstanding loans amounting to P221.8 million and P11.6 million through the issuance of and shares, which represents 3.25% and 0.17% of the total issued and outstanding shares of the Parent Company, respectively (Note 8). The conversion price for the MBTC and PERAA shares is P3.00 per share. APIC was recognized amounting to P155.6 million and is presented under equity section as at December 31, 2025 and 2024 in the consolidated statements of financial position.

In 2023, the Parent Company collected from Udenna a partial payment of the subscription receivable amounting to P489.0 million, which 150,000,000 was presented as part of subscribed and 339,000,000 shares as part of APIC as at December 31, 2024 and 2023 in the consolidated statements of financial position.

## 18.2 Revaluation reserves

Revaluation reserves comprise gains and losses arising from the revaluation of the Group's vessels and vessel equipment, remeasurements of retirement benefit obligation and cumulative translation adjustments on financial statements of foreign subsidiaries.

The components and reconciliation of other comprehensive income presented in the consolidated statements of changes in equity for each of the years ended December 31, 2025 at their aggregate amount under the revaluation reserves account are shown below:

	Revaluation of property and equipment (Note 7)	Remeasurements of retirement benefit obligation (Note 14.2)	Cumulative translation adjustments	Total
Balance as at January 1, 2025	1,734,044,478	113,664,577	1,876,828	1,849,585,883
Revaluation increment (Note 7)	(168,531,941)	-	-	(168,531,941)
Remeasurements of retirement benefit obligation (Note 14.2)	-	(18,661,677)	-	(18,661,677)
Currency exchange differences on translating financial statements of foreign operations	-	-	(77,484)	(77,484)
Other comprehensive income	(168,531,941)	(18,661,677)	(77,484)	(187,271,102)
Income tax expense	42,132,985	4,677,836	-	46,810,821
Other comprehensive income after tax	(126,398,956)	(13,983,841)	(77,484)	(140,460,281)
Transfer to retained earnings				
Depreciation of revalued vessels	(222,345,371)	-	-	(222,345,371)
Balance at December 31, 2025	1,385,300,150	99,680,736	1,799,344	1,486,780,231
Balance as at January 1, 2024	1,811,469,432	103,483,674	2,116,530	1,917,069,636
Revaluation increment (Note 7)	218,916,615	-	-	218,916,615
Remeasurements of retirement benefit obligation (Note 14.2)	-	14,425,595	-	14,425,595
Currency exchange differences on translating financial statements of foreign operations	-	-	(239,702)	(239,702)
Other comprehensive income	218,916,615	14,425,595	(239,702)	233,102,508
Income tax expense	(54,729,154)	(4,244,692)	-	(58,973,846)
Other comprehensive income after tax	164,187,461	10,180,903	(239,702)	174,128,662
Transfer to retained earnings				
Depreciation of revalued vessels	(241,612,415)	-	-	(241,612,415)
Balance at December 31, 2024	1,734,044,478	113,664,577	1,876,828	1,849,585,883

	Revaluation of property and equipment (Note 7)	Remeasurements on retirement benefit obligation (Note 14.2)	Cumulative translation adjustments	Total
Balance as at January 1, 2023	1,380,564,802	108,308,125	2,382,960	1,491,255,887
Revaluation increment (Note 7)	839,224,129	-	-	839,224,129
Remeasurements of retirement benefit obligation (Note 14.2)	-	(6,291,481)	-	(6,291,481)
Currency exchange differences on translating financial statements of foreign operations	-	-	(266,430)	(266,430)
Other comprehensive income	839,224,129	(6,291,481)	(266,430)	832,666,218
Income tax expense	(244,847,809)	1,467,030	-	(243,380,779)
Other comprehensive income after tax	594,376,320	(4,824,451)	(266,430)	589,285,439
Transfer to retained earnings				
Depreciation of revalued vessels	(163,471,690)	-	-	(163,471,690)
Balance at December 31, 2023	1,811,469,432	103,483,674	2,116,530	1,917,069,636

### 18.3 Other reserves

Other reserves amounting to P1.1 billion pertain to the excess of the net assets of CSC amounting to P3.0 billion over the Parent Company's acquisition price of P2.0 billion. The business combination entered was accounted for under the pooling-of-interest method (Note 17.6). Under this method, the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect their fair values or recognize new assets and liabilities.

### 18.4 Non-controlling interest

Non-controlling interest represents the interest not held by the Group in Trans-Asia. The balance as at December 31, 2025 and 2024 represents preferred shares subscription of certain individuals in Trans-Asia. These shares are non-voting and redeemable at the option of Trans-Asia.

### 18.5 Employee stock option plan

On February 13, 2019, the BOD of the Parent Company approved an ESOP covering all regular employees with at least one year of service from the date of grant. This was subsequently ratified by stockholders holding at least two-thirds of the outstanding capital stock on March 15, 2019. The objective of the ESOP is to recognize the loyalty, dedication and exemplary performance of the employees of the Group, thereby encouraging long-term commitment to the Group.

Under the ESOP, the Parent Company shall initially reserve for exercise of stock options up to 56.3 million common shares of the Parent Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares, 66.67% of which were granted to existing employees as of the initial offering date (IOD) while the remaining 33.33% is reserved for employees hired after the IOD. Stock options may be granted within five years from the adoption of the ESOP and may be exercised within 10 years from the date of grant. The exercise price shall be based on the volume weighted average price of the Parent Company 30 days prior to the 100. The options shall vest for a period of one to five years from the IOD. The Group shall receive cash for the stock options.

In 2022, the Parent Company amended the subscription price of the stock options to P3.99 per share from P6.28 per share and the exercise periods to the first five trading days of September of every year. This change was taken prospectively from date of approval and resulted in an increase in share options expense amounting to P18.8 million in 2022.

As at December 31, 2025 and 2024, pursuant to the ESOP, the Group has granted the option to its eligible employees to subscribe to 37.6 million shares of the Parent Company. An option holder may exercise in whole or in part his vested option, provided that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. No options have been exercised as at December 31, 2025 and 2024.

The fair value of the option granted was estimated using binomial option pricing model that takes into account factors specific to the ESOP. The principal assumptions used in the valuation are shown below:

Grant date	May 15, 2019
Vesting period ends	May 15, 2024
Option life	Five years
Share price at grant date	P6.05
Amended exercise price	P3.99
Original exercise price at grant date	P6.28
Average fair value at grant date	P3.16
Average standard deviation of share price returns	51.28%
Average risk-free investment rates	6.14%

The underlying expected volatility was determined by reference to historical date of the Parent Company's shares over a period of time consistent with the option life.

*Critical accounting estimate and assumptions - Fair value measurement of stock options*

The Group estimates the fair value of the stock options by applying an option valuation model, taking into account the terms and conditions on which the stock options were granted. The estimates and assumptions used include, among other things, the option life, average standard deviation of share price returns and applicable risk-free investment rate. Changes in these factors can affect the fair value of stock options at grant date.

On October 28, 2022, the Parent Company's BOD approved the change in the subscription price to P3.99 per share as stipulated in the amended Employee Stock Option Plan (the ESOP). This change was applied prospectively from the date of approval. There were no amendments made to the ESOP in 2025 and 2024.

**19 Earnings (loss) per share**

Basic and diluted earnings (loss) per share attributable to the Parent Company's shareholders are computed as follows:

	2025	2024	2023
Net income (loss)	50,133,075	177,395,130	(1,142,830,770)
Divided by weighted average shares outstanding	2,144,018,615	2,144,018,615	1,948,175,365
	0.023	0.083	(0.587)

In relation to the approved ESOP for eligible employees, the options exercisable by any of the option holders are considered as potentially anti-dilutive shares as at the end of December 31, 2025 and 2024. There were no outstanding convertible preferred shares and bonds or other stock equivalents as at December 31, 2025 and 2024, hence, diluted earnings per share is equal to the basic earnings per share.

**20 Commitments and contingencies**

The following are the significant commitments and contingencies involving the Group:

**20.1 Charter agreements**

The Group has existing commitments to charterers under Time Charter (TC), Continuing Voyager Charter (CVC), and Bare Boat (BB) agreements, which ranges from two to five years, for the use of its vessels in transporting oil products for a fixed period. Also associated with these charter agreements, is the obligation to keep the Group's vessels in good working condition and compliant with all the shipping regulations as required by the Maritime Industry Authority.

## 20.2 Operating lease commitments - Group as Lessor

The Group entered into BB agreements, which qualifies as a lease. Income recognized under BB agreements for the year ended December 31, 2025 amounted to P136.6 million (2024 - P118.0 million; 2023 - P104.0 million). These are presented as part of charter fees under revenues in the consolidated statements of total comprehensive income (Note 22.5). Commitments relating to these agreements as at December 31, 2025 amounted to P135.5 million (2024 - P235.9 million).

The future minimum lease receivables under these BB agreements are as follows:

	2025	2024
Within one year	101,615,040	101,089,728
After one year but not more than two years	33,871,680	101,089,728
After two years but not more than three years	-	33,696,576
	135,486,720	235,876,032

To manage its risks over these operating leases, the Group's risk management strategy for the rights it retains in underlying assets, include buy-back agreements and residual value guarantees. These BB agreements do not include provisions on variable lease payments in 2025 and 2024.

## 20.3 Legal claims

In 2016, Trans-Asia was a defendant of a litigation related to the sinking of MV Asia South Korea. The Regional Trial Court had provided a decision to award the plaintiffs of the case a total of P8.9 million for four casualties and 11 survivors. The Group's legal counsel has advised that it is probable that Trans-Asia will be found liable; hence, a provision for the claim has been made in the consolidated financial statements. On August 9, 2017, Trans-Asia and the plaintiffs signed a compromise agreement whereby Trans-Asia paid P8.8 million.

In October 2017, three other complainants of the similar litigation that was filed against the Group related to a dispute with passengers for the sinking of M/V Asia South Korea signed a compromise agreement with the Group to which Trans-Asia paid P0.5 million. A provision for the claim with probable settlement amount of P0.8 million has been made in the consolidated financial statements. On June 1, 2018, Trans-Asia and the two plaintiffs signed a compromise agreement whereby Trans-Asia paid P0.2 million. The outstanding liability is presented as provisions under the trade and other payables account in the consolidated statements of financial position (Note 11).

MI was a defendant involving the transport of certain product from Mindanao to various ports of destination from December 2009 to July 2010 with a total charter fees in the amount of P15.9 million. However, the customer refused to pay the charter fees on its allegation that the product transported by MI was contaminated with seawater. As these cases have been consolidated, they are being jointly heard.

In the decision dated January 29, 2024, the trial court granted MI's prayer for unpaid charter fees of P159 million but also ruled that MI should pay the customer P27.9 million as actual and consequential damages due to the contaminated CNO cargo; P2.0 million for exemplary damages and P1.6 million for attorney's fees and litigation expenses. MI filed its motion for reconsideration of the decision dated January 29, 2024 and on November 6, 2024, the court issued an order reducing the total judgment award to the customer to P26.3 million and maintaining the judgment award in favor of MI (Note 15.3). Both parties filed their notice of appeal and presently awaiting an order from the Court of Appeals for the filing of Appellant's Brief as at December 31, 2025.

## 20.4 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations which have not been reflected in the Group's consolidated financial statements. Management is of the opinion that losses, if any, from other commitments and contingencies will not have material effects on the Group's consolidated financial statements.

### *Critical accounting judgment - Recognition of provisions and contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the provision and contingencies is recognized as a separate asset not exceeding the amount of the related provision. Judgment is exercised by management to distinguish between provisions and contingencies.

## **21 Goodwill**

Goodwill recognized in the consolidated financial statements primarily comprises the value of expected synergies from the acquisition of subsidiaries as part of the Group's expansion program and is derived by deducting the fair values of the net assets acquired as of the date of acquisition from the amount of total consideration paid.

The gross carrying amount and accumulated impairment loss of goodwill as at December 31 are as follows:

	2025	2024
Cost	1,848,378,146	1,848,378,146
Accumulated impairment loss	(74,294,814)	(74,294,814)
Net carrying amount	1,774,083,332	1,774,083,332

Goodwill recognized by the Group are significantly allocated to the following segments:

	2025	2024
Roll-on/roll-off passenger	1,295,633,122	1,295,633,122
Distribution and warehousing	478,450,210	478,450,210
	1,774,083,332	1,774,083,332

Goodwill is subject to annual impairment testing as required under PAS 36, Impairment of Assets. In 2025 and 2024, the recoverable amounts of the cash-generating units were determined based on value-in-use calculations, which require use of various assumptions.

In 2022 and 2021, the Group determined that the goodwill arising from the acquisition of MI and BMI (under tankering business segment) is no longer recoverable; hence, an impairment amounting to P63.9 million and P10.4 million was recognized and is presented as Impairment loss on goodwill in the consolidated statements of total comprehensive income.

Management's impairment analysis for goodwill were based on budgets approved by management covering a five-year period, which were based on expectation of future outcomes taking into consideration past experience for five years and adjusted for anticipated revenue growth. The growth rates also reflect the long-term growth rates in the Philippines for the years presented.

	2025		2024	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Roll-on/roll-off passenger	9.74%	4.50%	6.30%	3.75%
Distribution and warehousing	11.36%	4.50%	6.30%	3.75%

Based on these analyses, management has assessed that no further impairment of goodwill is required to be recognized as of December 31, 2025 and 2024. Management also assessed that a reasonably possible change of +/- 4% on the Group's cost of equity rate would not cause the carrying values of goodwill arising from the Group's acquisitions to materially exceed their recoverable amounts.

The present value of the expected cash flows of the cash generating units (CGUs) is determined by applying a suitable discount rate. The discount rate was derived based on weighted average cost of capital for companies within the shipping and logistics industry in the Philippines.

#### *Critical accounting estimates and assumptions - Impairment of goodwill*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable WACC. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2022, the Group recognized impairment losses on goodwill amounting to P63.9 million. For the years ended December 31, 2025 and 2024, the estimates made by the Group did not result in recognition of impairment losses.

## **22 Segment information**

### **22.1 Business segment**

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's different business segments are as follows:

- (a) Tankering services is involved in the conveyance, carriage, loading, transportation, discharging and storage of petroleum products, goods and merchandise of every kind;
- (b) Tugboats services is involved in the towage and salvage of marine vessels and other crafts including their cargoes upon seas, lakes, rivers, canals, bays, harbors and other waterways between the various ports of the Philippines;
- (c) Roll-on/roll of passenger shipping services is involved in the transport of passengers and cargoes within Philippine territorial waters and/or high seas;
- (d) Distribution and warehousing services is involved in the logistics services such as but not limited to cargo freight forwarding (air, land and sea), cargo consolidation, courier services, distribution, trucking, warehousing, customs brokerage, packing and crating, etc.;
- (e) Ship management and crewing services is involved in the business of ship management and in providing full and partial crewing for domestic and foreign vessels; and
- (f) Investing and other activities include holding companies.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee, its chief operating decision-maker. The Executive Committee is responsible for allocating resources and assessing performance of the operating segments.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

## 22.2 Segment assets and segment liabilities

Segment assets include all operating assets used by each business segment and consist principally of operating cash, receivables, inventories and property and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities include all operating liabilities used by each segment and consist principally of accounts, wages, taxes currently payable and accrued liabilities.

## 22.3 Intersegment transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation and combination in 2025, 2024 and 2023.

## 22.4 Analysis of segment information

The tables below present revenue and profit information regarding business segments for each of the years ended December 31, 2025 and assets and liabilities information regarding segments as at December 31, 2025 and 2024.

	Investing and other activities	Tankering	Tugboats	Roll-on/roll-off passenger	Distribution and warehousing	Ship management and crewing	Total
December 31, 2025							
Segment results							
Sales to external customers	-	854,887,335	367,973,371	7,114,617,013	678,767,057	-	9,016,244,776
Intersegment sales	315,333,600	-	73,481,395	5,816,964	-	491,455,381	886,087,340
<b>Total revenues</b>	<b>315,333,600</b>	<b>854,887,335</b>	<b>441,454,766</b>	<b>7,120,433,977</b>	<b>678,767,057</b>	<b>491,455,381</b>	<b>9,902,332,116</b>
Cost of sales and services	-	703,305,062	337,851,521	5,907,255,360	417,797,059	397,604,533	7,763,813,535
Operating expenses	241,909,764	107,414,708	23,307,933	766,459,185	207,423,657	68,724,786	1,415,240,033
(Reversal of) expected credit losses on receivables	-	5,908,751	(78,714)	7,125,867	(6,531,204)	-	6,424,700
Finance costs	80,084,864	376,229,650	3,628,229	685,960,168	4,520,631	22,165,269	1,172,588,811
Gain on debt modification	-	(22,312,872)	-	-	-	-	(22,312,872)
Gain on sale of investment property	-	-	-	-	-	-	-
Impairment losses (reversal of impairment) on property and equipment	-	68,974,934	-	9,011,039	-	-	77,985,973
Finance income	(401,732)	(102,791)	(11,513)	(248,441)	(966,154)	(2,937)	(1,733,568)
Other loss (Income)	(58,836,444)	(32,361,028)	(24,781,853)	(460,788,012)	(10,754,007)	(1,446,766)	(588,968,110)
	<b>262,756,452</b>	<b>1,207,056,414</b>	<b>339,915,603</b>	<b>6,914,775,166</b>	<b>611,489,982</b>	<b>487,044,885</b>	<b>9,823,038,502</b>
<b>Segment operating income (loss)</b>	<b>52,577,148</b>	<b>(352,169,079)</b>	<b>101,539,163</b>	<b>205,658,811</b>	<b>67,277,075</b>	<b>4,410,496</b>	<b>79,293,614</b>
Segment assets and liabilities							
<b>Total assets</b>	<b>33,369,993,691</b>	<b>7,003,109,980</b>	<b>794,365,407</b>	<b>17,030,090,785</b>	<b>389,484,510</b>	<b>869,894,231</b>	<b>59,456,938,604</b>
<b>Total liabilities</b>	<b>17,872,503,278</b>	<b>9,098,060,557</b>	<b>92,753,645</b>	<b>18,752,834,565</b>	<b>188,907,288</b>	<b>690,777,765</b>	<b>46,695,837,098</b>

	Investing and other activities	Tankering	Tugboats	Roll-on/roll-off passenger	Distribution and warehousing	Ship management and crewing	Total
<b>December 31, 2024</b>							
<b>Segment results</b>							
Sales to external customers	-	733,218,822	403,989,819	6,320,657,637	549,366,563	-	8,007,232,841
Intersegment sales	339,069,667	-	48,607,209	90,600,000	-	442,071,215	920,348,091
<b>Total revenues</b>	<b>339,069,667</b>	<b>733,218,822</b>	<b>452,597,028</b>	<b>6,411,257,637</b>	<b>549,366,563</b>	<b>442,071,215</b>	<b>8,927,580,932</b>
Cost of sales and services	-	721,354,779	347,442,538	5,380,364,269	347,445,482	371,457,108	7,168,064,176
Operating expenses	281,006,829	33,425,354	65,010,811	726,843,460	122,420,047	49,350,507	1,278,057,008
(Reversal of) expected credit losses on receivables	-	(37,309,943)	-	(11,076,914)	-	-	(48,386,857)
Finance costs	84,072,394	372,403,526	3,964,834	626,999,450	4,499,307	21,094,059	1,113,033,570
Gain on debt modification	-	(422,525,498)	-	(49,367,739)	-	-	(471,893,237)
Gain on sale of investment property	(458,037,754)	-	-	-	-	-	(458,037,754)
Impairment losses (reversal of impairment) on property and equipment	-	19,563,512	-	(1,412,271)	-	-	18,151,241
Finance income	(154,339)	(105,041)	(207,633)	(58,346)	(813,031)	(3,272)	(1,341,662)
Other loss (Income)	52,087,275	64,159,449	(14,772,833)	(94,574,821)	(39,485,304)	(2,610,457)	(35,196,691)
	(41,025,595)	750,986,138	401,437,717	6,577,717,088	434,066,501	439,287,945	8,562,449,794
<b>Segment operating income (loss)</b>	<b>380,095,262</b>	<b>(17,747,316)</b>	<b>51,159,311</b>	<b>(166,459,451)</b>	<b>115,300,062</b>	<b>2,783,270</b>	<b>365,131,138</b>
<b>Segment assets and liabilities</b>							
Total assets	34,277,079,250	8,073,700,757	804,077,974	15,788,998,863	373,127,593	865,900,678	60,182,885,115
Total liabilities	18,081,542,259	9,332,823,366	170,430,561	17,652,055,548	223,785,059	652,362,426	46,112,989,219
<b>December 31, 2023</b>							
<b>Segment results</b>							
Sales to external customers	-	488,236,169	372,371,341	5,657,989,882	529,100,656	-	7,047,698,048
Intersegment sales	399,893,791	-	27,343,607	204,848,571	-	374,570,005	1,006,655,974
<b>Total revenues</b>	<b>399,893,791</b>	<b>488,236,169</b>	<b>399,714,948</b>	<b>5,862,838,453</b>	<b>529,100,656</b>	<b>374,570,005</b>	<b>8,054,354,022</b>
Cost of sales and services	-	677,484,155	301,570,452	4,554,859,772	414,108,960	313,095,296	6,261,118,635
Operating expenses	268,630,436	286,028,245	66,208,418	962,920,166	130,432,931	80,265,176	1,794,485,372
Expected credit losses on receivables	-	9,230,532	2,705,207	77,156,211	6,184,437	-	95,276,387
Finance costs	147,481,605	502,137,675	6,775,504	508,736,152	4,279,114	89,043,057	1,258,453,107
Gain (loss) on debt modification	(36,290,354)	(211,584,711)	-	6,374,052	-	-	(241,501,013)
Gain on sale of investment in associate	(96,046,458)	-	-	-	-	-	(96,046,458)
Impairment loss on investment in a joint venture	81,001,439	-	-	-	-	-	81,001,439
Impairment losses on property and equipment	-	42,593,176	-	(26,673,599)	-	-	15,919,577
Finance income	(13,978)	29,402	(12,599)	80,568	(875,386)	(19,051)	(811,044)
Other loss (Income)	(1,569,284)	74,293,065	(16,729,910)	(69,535,870)	(33,375)	-	(13,575,374)
	363,193,406	1,380,211,539	360,517,072	6,013,917,452	554,096,681	482,384,478	9,154,320,628
<b>Segment operating loss</b>	<b>36,700,386</b>	<b>(891,975,370)</b>	<b>39,197,876</b>	<b>(151,078,999)</b>	<b>(24,996,025)</b>	<b>(107,814,473)</b>	<b>(1,099,966,606)</b>
<b>Segment assets and liabilities</b>							
Total assets	34,991,396,110	8,650,256,411	902,202,529	15,645,364,680	401,876,407	659,874,772	61,250,970,909
Total liabilities	19,435,208,233	9,757,849,355	238,336,194	17,520,778,465	369,711,651	424,248,260	47,746,132,158

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements:

	2025	2024	2023
<b>Revenues</b>			
Total segment revenues	9,902,332,116	9,063,073,169	8,054,354,022
Elimination of intersegment revenues	(886,087,340)	(1,055,840,328)	(1,006,655,974)
Reported as profit or loss	9,016,244,776	8,007,232,841	7,047,698,048
<b>Profit or loss</b>			
Segment operating income (loss)	79,293,614	365,131,138	(1,099,966,606)
Other unallocated expense	(12,311,786)	(96,282,130)	52,764,507
Income (loss) before tax as reported in profit or loss	66,981,828	268,849,008	(1,047,202,099)
<b>Assets</b>			
Segment assets	59,456,938,604	60,182,885,115	61,250,970,909
Elimination of intercompany accounts	(27,333,759,601)	(28,770,012,021)	(28,308,553,948)
Total assets as reported in the consolidated of financial position	32,123,179,003	31,412,873,094	32,942,416,961
<b>Liabilities</b>			
Segment liabilities	46,695,837,098	46,112,999,219	47,746,132,158
Elimination of intercompany accounts	(18,747,139,495)	(18,960,881,315)	(18,699,045,845)
Total liabilities as reported in the consolidated of financial position	27,948,697,603	27,152,117,904	29,047,086,313
<b>Other significant and/or non-cash items</b>			
Additions to vessels at revalued amount	239,549,392	766,218,983	1,279,009,638
Additions to property and equipment at cost	2,452,127,064	1,405,468,384	643,842,998
Depreciation and amortization	1,899,948,707	1,684,549,529	1,349,449,081
Income tax expense	16,848,753	91,453,878	95,628,671

## 22.5 Disaggregation of revenues from contracts with customers

The disaggregation of revenues based on the timing of satisfaction of performance obligations for the years ended December 31 are shown below:

	2025	2024	2023
<b>Revenues recognized over time:</b>			
Freight	4,170,018,287	3,800,208,232	3,496,161,918
Passage	2,599,782,098	2,216,432,415	1,840,302,921
Charter fees	854,887,335	798,452,390	650,762,923
Other service revenues	680,975,754	570,154,583	529,965,865
Tugboat fees	367,973,371	403,989,819	372,371,341
	8,673,636,845	7,789,237,439	6,889,564,968
<b>Revenue recognized at a point in time -</b>			
Sale of goods	342,607,931	217,995,402	158,133,080
Total revenues	9,016,244,776	8,007,232,841	7,047,698,048

## 23 Financial risk and capital management objectives and policies

The Company's activities expose it to a variety of financial risks. These activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Company's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Company's financial performance.

The Group is exposed to a variety of financial risks in relation to its financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 24. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated with its Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Group is exposed to are described below and in the succeeding page.

### 23.1 Market risks

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

#### (a) Foreign currency risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's cash, trade and other receivables and interest-bearing loans, which are denominated in U.S. dollars.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored. U.S. dollar denominated financial assets and financial liabilities, translated into Philippine pesos at the December 31 closing rates follow:

	2025	2024
Assets		
Cash	USD136,029	USD138,251
Liabilities		
Lease liabilities	(55,802,941)	(25,279,580)
Net foreign currency denominated liabilities	(55,666,912)	(25,141,329)
	58.79	57.845
Philippine peso equivalent	(3,272,657,756)	(1,454,300,176)

The Group recognized net foreign currency exchange losses of P110.9 million for the year ended December 31, 2025 (2024 - P66.5 million loss; 2023 - P27.3 million loss) of which P121.3 million pertains to unrealized foreign exchange losses as at December 31, 2025 (2024 - P28.9 million loss) (Note 15.3).

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Net foreign currency-denominated financial liabilities as at December 31, 2025 amounted to P3,272.7 million (2024 - P1,439.1 million). If the Philippine peso had strengthened/weakened against the US Dollar profit before tax for the year ended December 31, 2025 would have been P30.7 million higher/lower (2024 - P18.8 million higher/lower). This sensitivity of the net result assumes a +/-%0.94% change of the Philippine peso/US Dollar exchange rate for the year ended December 31, 2025 (2024 - +/-%1.31%). The reasonably possible shift in the foreign currency exchange rate was determined based on the Group's analysis of monthly exchange rate movements in 2025 and 2024.

The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of the reporting period.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

#### (b) Interest rate sensitivity

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. As at December 31, 2025 and 2024, the Group is exposed to changes in market interest rates through cash in bank and certain bank borrowings, which are subject to variable interest rates (Note 10). All other financial assets and financial liabilities have either fixed interest rates or are non-interest-bearing.

Cash in banks are tested on a reasonably possible change as at December of +/-0.25% in 2025 (2024 - +/-0.27%), respectively. Bank loans, which vary with certain foreign interest rates, are tested on a reasonably possible change of +/-0.25% in 2025 (2024 - +/-0.26%). These percentages have been determined based on the average market volatility of interest rates, using standard deviation, in the previous twelve months, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at the end of each reporting period, with effect estimated from the beginning of the year. All other variables are held constant.

Based on the sensitivity analysis performed, the impact on income before tax during December 31, 2025 of a 50 basis points increase in the discount rate, with all other variables held constant, is an increase of 60% or P40 million (2024 - 6%, P16 million; 2023 - 13%, P136 million) on the Group's reported operating income.

## 23.2 Credit risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example, by granting advances and rendering services to customers and related parties and by placing deposits with banks.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below:

	Notes	2025	2024
Cash in bank and cash equivalents	2	190,717,831	239,893,071
Trade and other receivables, net (excluding advances to officers and employees)	3	998,431,233	635,072,319
Restricted cash	5,9	111,008,359	9,291,065
Security deposits	9	20,565,263	46,823,449
Advances to related parties	17.4	7,435,485,358	7,636,618,327
		8,756,208,044	8,567,698,231

The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used and credit verification procedures are performed. The Group's policy is to deal only with creditworthy counterparties.

None of the financial assets are secured by collateral or other credit enhancements, except for cash and trade and other receivables as described below:

### a. Cash in banks and cash equivalents

The Group does not believe it has any significant exposure to credit risk arising from cash in banks as the Group concentrates its main banking activities with universal banks as defined by the Philippine Banking System. Universal banks represent the largest single group and resource-wise financial institution in the country that has a good credit rating, duly approved by the Parent Company's BOD and, by policy, limits the amount of credit exposure to any of the financial institutions.

To further minimize credit risk exposure from cash, the Group maintains cash deposits in reputable universal banks. The Group assesses that cash in banks have low credit risk considering the bank's external credit ratings.

### b. Trade and other receivables

The Group applies the PFRS 9 simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2025 and 2024, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at December 31 was determined based on months past due, as follows for trade and other receivables (Note 3).

	Current	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months	Total
<b>December 31, 2025</b>					
Expected loss rate	0.03%	18.24%	26.47%	67.52%	
Gross carrying amount - trade and other receivables	226,120,963	118,500,753	54,085,879	1,347,620,644	1,746,328,239
Loss allowance	75,540	21,618,888	14,315,618	703,604,701	739,614,747
<b>December 31, 2024</b>					
Expected loss rate	0.65%	30.44%	55.84%	82.13%	
Gross carrying amount - trade and other receivables	250,388,283	99,146,186	12,449,854	1,147,213,600	1,509,197,923
Loss allowance	1,635,577	30,183,746	6,952,478	841,306,349	880,078,151

The Group also considers the existence of financial liabilities, which may be offset against the outstanding trade receivables with the same counterparty. Portion of the financial assets past due for more than three months in both years pertain to the trade receivables from PPPI. The management believes that such receivables are not impaired as it may be offset against the Group's outstanding liabilities to PPPI (Notes 17.1 and 17.2).

For due from agencies and claims receivable, no impairment losses were also recognized as these are assessed to be recoverable as there were no historical defaults from the authorized transacting agencies.

Furthermore, the Group's advances to related parties are repayable on demand and the contractual period refers only to the short period needed to transfer the cash once demanded. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date, taking into consideration historical defaults from the related parties. The Group also considers possible recovery strategies and the expected manner in which those will be realized and cash would be available for payment of the advances. Management assessed that the outstanding advances from related parties as at December 31, 2025 and 2024 are recoverable since these the related parties were assessed to have a capacity to pay the advances upon demand and there were no historical defaults. Hence, no impairment is necessary.

c. Security deposits

The credit risk for security and other deposits is also considered negligible as the Group has ongoing lease agreements with the counterparties and the latter are considered to be with sound financial condition and sufficient liquidity.

d. Restricted cash

The restricted cash presented as part of other current assets (Note 5) and other non-current assets (Note 9) as at December 31, 2025 and 2024 was set up by the Group in relation to the term loan agreement and maintained by in a reputable bank. The Group assesses that the debt service reserve account have low credit risk considering the bank's external credit ratings.

### 23.3 Liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for short-term and long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Funding for short-term and long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2025, the Group's financial liabilities, excluding lease liabilities, have contractual maturities which are presented below:

	Notes	Current		Non-current	
		Within six months	Six to 12 months	One to five years	More than five years
Interest bearing loans including future interest	10	1,375,065,884	1,253,029,209	10,710,134,295	3,863,408,509
Trade and other payables (except for government-related obligations, deferred output VAT and output VAT payable)	11	6,933,470,336	-	-	-
Advances from related parties	17.4	144,500,000	144,500,000	-	-
		8,453,036,220	1,397,529,209	10,710,134,295	3,863,408,509

As at December 31, 2024, the Group's financial liabilities, excluding lease liabilities, have contractual maturities which are presented below:

	Notes	Current		Non-current	
		Within six Months	Six to 12 months	One to five years	More than five years
Interest bearing loans including future interest	10	1,441,383,980	920,568,867	11,049,644,155	6,025,507,787
Trade and other payables (except for government-related obligations, deferred output VAT and output VAT payable)	11	6,625,577,325	-	-	-
Advances from related parties	17.4	252,000,000	252,000,000	-	-
		8,318,961,305	1,172,568,867	11,049,644,155	6,025,507,787

These contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

## 24 Categories and offsetting of financial assets and financial liabilities

### 24.1 Carrying amounts and fair values by category

For financial assets and financial liabilities as of December 31, 2025 and 2024, management considers that the carrying amounts of the financial instruments approximate their fair values.

	Notes	2025		2024	
		Carrying amounts	Fair values	Carrying amounts	Fair values
Financial assets					
At amortized cost:					
Cash and cash equivalents	2	303,488,595	303,488,595	317,837,548	317,837,548
Trade and other receivables, net	3	1,006,713,492	1,006,713,492	629,119,772	629,119,772
Restricted cash	6, 9	111,008,361	111,008,361	9,291,065	9,291,065
Security deposits	6, 9	20,565,263	20,565,263	46,823,449	46,823,449
Advance to related parties	17.4	7,435,485,358	7,435,485,358	7,636,618,327	7,636,618,327
		8,877,261,069	8,877,261,069	8,639,690,161	8,639,690,161
Financial liabilities					
At amortized cost:					
Trade and other payables	11	6,933,470,336	6,933,470,336	6,625,577,325	6,625,577,325
Interest bearing loans	10	12,448,826,619	12,448,826,619	12,948,825,419	12,948,825,419
Advances from related parties	17.4	289,000,000	289,000,000	504,000,000	504,000,000
		19,671,296,955	19,671,296,955	20,078,402,744	20,078,402,744

Trade and other receivables, net excludes advances to officers and employees as at December 31, 2025 amounting to P19.5 million (2024 - P22.9 million).

Trade and other payables excludes subscriptions payable, non-trade payables, government related obligations, deferred output VAT, output VAT payable and deferred income as at December 31, 2025 amounting to P2,231.0 million (2024 - P2,122.4 million).

The fair values of the Company's long-term loans are classified as Level 2 in the fair value hierarchy, as they are determined using observable market interest rates and adjusted for credit risk.

Refer to Notes 28.5 and 28.10 for the description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 23.

## **24.2 Offsetting of financial assets and financial liabilities**

The Group has not set off financial assets and financial liabilities in 2025 and 2024 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instruments may have the option to settle on a net basis in the event of default of one of the parties through approval by the respective BOD and stockholders of both parties or upon instruction by Udenna. In addition, the Group's outstanding interest-bearing loans from certain banks can be potentially set-off to the extent of the Group's outstanding cash deposited in the same banks.

The outstanding balances of trade and other receivables and cash advances granted to related parties totaling P7,490.9 million as at December 31, 2025 (2024 - P7,692.1 million) (Notes 3 and 17), may be offset against the outstanding balances of trade and other payables and cash advances obtained from related parties totaling P3,496.0 million as at December 31, 2025 (2024 - P3,478.5 million) (Notes 11 and 17).

The Group also has certain trade receivables, which were used as collateral to secure the payment of certain interest-bearing loans (Notes 3 and 10.1). None of these certain receivables were set off against the related interest-bearing loans in both years.

Certain cash balances are also restricted for use to secure line of credits with banks (Notes 5 and 9).

## **25 Fair value measurements and disclosures**

### **25.1 Fair value hierarchy**

In accordance with PFRS 13, Fair value measurement, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

## 25.2 Financial instruments measured at fair value

The Group has no financial instruments measured at fair value as of December 31, 2025 and 2024.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments.

## 25.3 Fair value measurements of non-financial assets

The fair values of the Group's vessels, included as part of property and equipment account, were generally determined based on the appraisal reports of professional and independent appraisers with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations (Note 7). To some extent, the valuation process was conducted by the appraisers in discussion with the Group's management with respect to the determination of the inputs such as the size, age, capacity and condition of the vessels. In estimating the fair value of these vessels, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair value of vessels was determined using a combination of cost approach and market approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction and major repairs or part replacements such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

As at December 31, 2025 and 2024, the fair value of the land classified under investment properties amounted to P145.0 million as determined by reference to current prices for similar properties in the same location and condition. Accordingly, the Group's investment properties as at December 31, 2025 and 2024 is not impaired.

The valuation of these non-financial assets are determined to be Level 3.

## 26 Capital management objectives, policies and procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2025	2024
Total liabilities	27,948,697,603	27,152,117,904
Total equity	4,174,481,400	4,260,755,190
Debt-to-equity ratio	6.69:1.00	6.37:1.00

The Group's goal in capital management is to maintain a debt-to-equity structure ratio, which is in line with the Group's covenants related to its bank borrowings (Note 10).

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and total liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

## **27 Significant accounting judgments and estimates**

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards require management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

### **27.1 Critical management judgments in applying accounting policies**

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

- Going Concern Assumptions

The Group prepares consolidated financial statements on a going concern basis unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so. When the management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Group shall disclose those uncertainties in the consolidated financial statements.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The degree of consideration depends on the facts in each case. Management also considers a wide range of factors relating to current and expected profitability, drydocking and expected capitalization of such costs, debt repayment schedules, and potential sources of replacement. As more fully disclosed in Note 1.3, management concluded that the Group will continue as a going concern entity.

- Impairment of inventories (Note 4)
- Recoverability of input VAT and creditable withholding taxes (Note 5)
- Impairment of property and equipment (Note 7)
- Determination of significant influence over entities in which the Group holds less than 20% ownership (Note 8)
- Impairment of investment in associate and joint venture (Note 8)
- Determination of lease term (Note 10)
- Income taxes; Recoverability of DIT assets (Note 16)
- Recoverability of trade receivables from related parties and advances to related parties (Note 17)
- Recognition of provisions and contingencies (Note 20)

### **27.2 Critical accounting estimates and assumptions**

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

- Expected credit losses (ECL) on trade and other receivables (Note 3) and advances to related parties (Note 17)
- Estimated useful lives of property and equipment (Note 7)
- Fair value estimation of vessel and vessel equipment (Note 7)
- Determining the incremental borrowing rate (Note 10)
- Valuation of retirement benefit obligation (Note 14)
- Fair value measurement of stock options (Note 18)
- Impairment of goodwill (Note 21)

## 28 Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below: These policies have been consistently applied to all the years presented, unless otherwise stated.

### 28.1 Critical accounting estimates and assumptions

The consolidated financial statements of the Group have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards;
- PAS Standards; and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC),

Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

The consolidated financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

The consolidated financial statements are presented in Philippine peso, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

### Adoption of amended PFRS Accounting Standards

#### a. *New and amended standards adopted by the Group*

There are no new accounting standards, interpretations and amendments to existing standards effective January 1, 2025 that are considered to be relevant or have a material impact on the Group's consolidated financial statements.

#### b. *New standards, amendments and interpretations not yet adopted*

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below:

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 and PFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect the amendments to have a significant impact on its consolidated financial statements.

- PFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027)

PFRS 18 will replace PAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the consolidated financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of PFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, foreign exchange differences currently aggregated in the line item other (expenses) income, net in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - management-defined performance measures;
  - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss - this break-down is only required for certain nature expenses; and
  - for the first annual period of application of PFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying PFRS 18 and the amounts previously presented applying PAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

There are no other standards, interpretations and amendments to existing standards not yet effective as at December 31, 2025 reporting period that are considered to be relevant or have a material impact on the Group's consolidated financial statements.

## **28.2 Basis of consolidation**

The Group accounts for its investments in subsidiaries, associates and joint venture as follows:

### **a. Investments in subsidiaries**

Except for acquisitions involving entities under common ownership that are accounted for under the pooling of-interest method, the acquisition method is applied to account for acquired subsidiaries (Note 28.9).

### **b. Investments in associates and a joint venture**

Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

## **28.3 Financial assets**

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to officers and employees), Advances to Related Parties and Security deposits and Restricted cash presented as part of Other Current Assets and Other Non-Current Assets accounts, in the consolidated statement of financial position.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at financial assets at fair value through profit or loss (FVTPL) if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. The Group has not made such designation.

The Group applies the simplified approach in measuring ECL for its trade receivables. To calculate the ECL, the Group uses its historical experience, external indicators, forward-looking information, and other qualitative factors (including possible offsetting) to calculate the ECL using a provision matrix. The Group also assesses impairment of trade and other receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

For advances to related parties which all are repayable on demand, the ECL is recognized in three stages using the general approach. Accordingly, ECL is based on the assumption that repayment of the advances or loans is demanded at the reporting date taking into consideration the historical defaults of the related parties. Management considers if the related party has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of the receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized, which may already be negligible.

For cash and cash equivalents, the Group applies low credit risk simplification and measures the ECL on the financial assets based on a 12-month ECL basis unless there has been a significant increase in credit risk since origination, in which case, the loss allowance will be based on lifetime ECL.

## **28.4 Inventories**

The net realizable value of fuel and spare parts inventories is the current replacement cost.

## 28.5 Property and equipment

Vessels and vessel equipment are measured at fair value less accumulated depreciation, amortization and accumulated impairment losses, if any. Land is measured at cost less any accumulated impairment losses. All other items of property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred, except for periodic drydocking costs typically performed every two years on the vessel, which are capitalized. (Note 28.6).

Vessels and vessel equipment are stated at their revalued amounts, representing fair values as determined by independent professional appraisers. The frequency of revaluations is aligned with the Group's drydocking cycles as follows:

Domestic vessels	2 to 3 years
International vessels	2 to 5 years

Regardless of the scheduled cycles above, management conducts an assessment of the vessels' carrying amounts more frequently if market factors or changes in circumstances indicate that a material change in fair value has occurred (Note 25.3).

Construction in progress (CIP) represents vessels and properties under construction and on-going major repair works and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs. CIP is not depreciated until such time that the assets are completed and available for use.

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

Vessels and vessel equipment (Note 3.2 (d))	2 to 35 years
Building	20 years
Office furniture, fixtures and equipment	2 to 10 years
Transportation equipment	2 to 5 years

Leasehold improvements are amortized over the estimated useful lives of the assets of five to ten years or the lease term, whichever is shorter.

## 28.6 Drydocking costs

Drydocking costs, presented as part of vessels and vessel equipment under the property and equipment, are considered major repairs that preserve the life of the vessels. As an industry practice, costs associated with drydocking are capitalized as part of the vessel and amortized on a straight-line basis over two years or until the next drydocking occurs, whichever comes earlier (Note 28.5). When significant drydocking expenditures occur prior to their expiry of this period, any remaining unamortized balance of the original drydocking costs is expensed in the month of subsequent drydocking.

Amortization of drydocking costs starts only when the process has been completed and the related vessel is ready for its intended use.

The carrying amount of drydocking costs is derecognized upon derecognition of the related vessels. The computed gain or loss arising on derecognition of the vessel takes into consideration the carrying amount of drydocking costs and is included in profit or loss in the year the related vessel is derecognized (Note 28.5).

## 28.7 Investment property

The Group's investment property is stated at cost. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment account up to the date of change in use.

The Group obtains independent valuations for its investment properties at least every three (3) years, with the recent appraisal done in 2024.

## **28.8 Financial liabilities**

Interest-bearing loans and borrowings include loans that are raised for support of the investing activities and working capital requirements of the Group and lease liabilities (Note 28.12). Finance charges, including direct issue costs, are charged to profit or loss, except for capitalized borrowing costs, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Interest charges that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. All other interest-related charges incurred on a financial liability are recognized as an expense in the consolidated statement of profit or loss. Trade and other payables and advances from related parties are initially recognized at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

A substantial modification of the terms of an existing financial liability or a part of it shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Where the terms of a financial liability are modified, a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate. If the modification of the terms of borrowings is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on extinguishment. If the modification of the terms of borrowings is not accounted for as an extinguishment, any cost or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid (net of any fees received and discounted using the original effective interest rate), is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

## **28.9 Business combinations**

Business combination involving entities under common control are accounted for under the pooling of interest method.

All other business combinations are accounted for using the acquisition method.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's identifiable assets.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

## **28.10 Advances from customers**

Advances from customers are measured at the amount of cash received from the customers under bareboat (BB) agreements and are reclassified and recognized as revenue when the related revenue transactions are consummated.

## **28.11 Revenue and expense recognition**

### *Revenue recognition*

The Group assesses its revenue agreements against the specific criteria enumerated below in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all its revenue arrangements.

The following specific recognition criteria must be met before revenue is recognized:

- a. Freight - Revenue from freight services pertains to the transport of cargoes (rolling, bulk or containerized) from one port to another, is recognized over time, and is generally based on a rate per cubic meter or weight of the cargo, whichever is higher, while rates for containerized cargo are based on a fixed rate per container.
- b. Charter fees - Revenue, which consists mainly of charter income arising from the charter hire of its vessels, is recognized based on the type of charter arrangement entered into, either under a continuing voyager charter (CVC), time charter (TCI) or Bare Boat (BB) arrangement.

Revenues from BB arise from the hiring of vessels for a specified period of time, with no administration or technical maintenance included as part of the agreement. These arrangements qualify as lease; hence, revenue is recognized on a straight-line basis over the term of the contract in accordance with PFRS 16.

On the other hand, revenues from TC and CVC arise from the delivery of liquid cargoes to the customers' premises such as the customers' vessels, oil depots or terminals or fuel tanks, and is recognized over time, with the distinction that in a TC, bunkering and port charges are shouldered by the customer.

- c. Passage - Revenue, which pertains to the transport of passengers from one port to another within the Philippines, is recognized over time and is based on the published tariff rates per passenger and route of the vessel. The duration of routes generally ranges from one to ten hours.

The Group incurs incremental commission fees paid to travel agencies for each passenger booked through such intermediary. These amounts are expensed as incurred.

- d. Tugboat fees - Revenue, which consist of fees arising from assisting domestic and international vessels in docking, undocking, shifting, towing, ferry services, tugboat usage and delivery services, is recognized overtime. The duration of such services normally ranges between one to four hours. Fees are based on agreed hourly rates for the use of tugboats.

The Group incurs incremental commission fees paid to intermediaries in connection with the provision of tugboat services. These amounts are expensed as incurred.

- e. Other service revenues - Other service revenues generally include performance of ship management and crewing services, warehousing and distribution services. Ship management and crewing services are recognized based on the terms of the contract which assumes that the customer receives the benefits as the Group performs the service. Warehousing revenues is generally based on a fixed rate per pallet position for ambient or fixed rate per hour for cold storage. On the other hand, distribution services are generally recognized over time when the performance of the contractually agreed-upon services have been rendered i.e., when cargoes are received by either the shipper or consignee for delivery transactions.
- f. Sale of goods - Revenue primarily include sale of food and beverage items to the vessels' passengers and is recognized at a point in time, which is generally when control over the goods have transferred to the buyer. This is generally when the customer has taken undisputed delivery of goods.
- g. Revenues from TC, CVC, passage, freight, tugboat fees, and other services are recognized when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

On the other hand, revenues from sale of goods and stand-by charges shall be recognized at a point in time when the control of the goods have passed to the customer, i.e. generally when the customer acknowledged delivery of goods.

The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as principal or an agent:

- whether the Group has primary responsibility for providing the services;
- whether the Group has inventory risk;
- whether the Group has direction in establishing prices; and,
- whether the Group bears the credit risk.

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Group has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

#### *Cost and expense recognition*

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs, which are included as part of the cost of the related qualifying asset.

#### **28.12 Leases - Group as Lessee**

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

On the consolidated statement of financial position, right-of-use assets have been included under Property and Equipment account, which reflects how the underlying assets would have been recognized had they been owned by the Group, and lease liabilities have been included under Interest-bearing Loans and Borrowings account.

#### **28.13 Impairment of non-financial assets**

Goodwill is tested for impairment at least annually. All other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

#### **28.14 Employee benefits**

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plan, share-based compensation and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee. The Group grants share options to qualified employees eligible under a stock option plan.

## 28.15 Events after the reporting date

Subsequent to the reporting date, geopolitical tensions in certain regions escalated into armed conflict involving multiple state actors, resulting in volatility in global financial and commodity markets and disruptions to selected trade routes and supply chains. Management evaluated the potential indirect effects of escalating geopolitical tensions in the Middle East, including disruptions in the Strait of Hormuz, on the Group's domestic shipping and logistics operations in the Philippines. While the Group's core operations are domestic, global instability may give rise to exposure through fuel and lubricant price volatility, global supply chain disruptions for vessel spare parts and technical components, foreign exchange fluctuations, and broader macroeconomic pressures.

Management has assessed the potential implications of these developments on the Group's consolidated financial statements, including impairment of non-financial assets, recoverability of financial assets, fair value measurements, contract enforceability, and liquidity risk. As at the reporting date, these events were assessed as non-adjusting subsequent events, as they do not provide evidence of conditions that existed at year-end. Based on information currently available, no direct material impact on the Group's consolidated financial position or results of operations has been identified.

While geopolitical developments remain fluid and may affect future performance depending on their duration and broader economic consequences, Management continues to monitor the situation and will reflect any material impacts in future reporting periods.

## 29 Supplementary information on non-cash investing and financing activities

Discussed below and in the succeeding page are the supplemental information on non-cash investing and financing activities relative to the consolidated statements of cash flows of the Group.

- a. In 2025, the Group recognized decrease in revaluation surplus, gross of tax, amounting to P168.5 million while in 2024 and 2023, the Group recognized increase in revaluation surplus, gross of tax, amounting to P218.9 million and P839.2 million (Notes 7 and 18).
- b. In 2025, the Group recognized right-of-use assets and lease liabilities amounting to P1,775.9 million (P659.3 million - 2024) and are presented as part of property and equipment and loans and borrowings in the consolidated statements of financial position (Notes 7 and 10).
- c. In 2025, the Group recognized a loss on pretermination of lease amounting to P2.8 million from the derecognition of right-of-use assets and lease liabilities amounting to P28.2 million and P25.3 million, respectively. The loss is presented as part of other (expenses) income, net in the 2025 consolidated total comprehensive income (nil - 2024) (Notes 7 and 10).
- d. In 2025, the Group recognized gain on debt modification and discount on debt modification amounting to P22.3 million (P471.9 million - 2024, P241.5 million - 2023) (Note 10).
- e. In 2024, the Group entered into a Dacion En Pago with CBC assigning its rights and ownership to a certain portion of the Company's investment property with a carrying value of P1,175.8 million for a total consideration of P1,633.8 million. The consideration was applied as full payment to the outstanding loan and unpaid interest of the Group. The resulted gain amounting to P458.0 million is presented as part of other (expenses) income, net in the 2024 consolidated statement of total comprehensive income (Note 6 and 10).
- f. In 2023, the Group divested its stake in Oroport for a total consideration of P535.3 million in which a certain loan with outstanding balance of P335.3 million was offset as part of the consideration (Notes 8 and 10). The related accrued interest payable of P54.5 million was also settled in 2023. (Note 8).
- g. In 2023, the Parent Company converted certain loans totaling to P233.4 million to equity and is presented as part of share capital and APIC as at December 31, 2024 and 2023. (Notes 10 and 18).

## **SECOND SECTION**

# Chelsea Logistic and Infrastructure Holdings Corp. and Subsidiaries

**Consolidated Financial Statements With Supplementary Schedules  
for the Securities and Exchange Commission  
December 31, 2025**

# Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries

(A subsidiary of Udenna Corporation)

A Map Showing the Relationships among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or co subsidiaries and Associates  
December 31, 2025



**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Financial Assets  
December 31, 2025

<b>Title of issue</b>	<b>Number of shares or principal amount of bonds and notes</b>	<b>Amount shown in the statement of financial position</b>	<b>Value based on market quotation at end reporting period</b>	<b>Income received and accrued</b>
Cash and cash equivalents	-	303,488,595	Not applicable	1,733,568
Trade and other receivables, gross	-	1,006,713,492	Not applicable	-
Restricted cash	-	111,008,361	Not applicable	-
Security deposits	-	20,565,263	Not applicable	-
Advance to related parties	-	7,435,485,358	Not applicable	-
<b>Total</b>	-	<b>8,877,261,069</b>		<b>1,733,568</b>

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Amounts Receivable from Directors, Officers, Employees, Related Parties  
and Principal Shareholders (other than Related Parties)  
December 31, 2025

<b>Name and designation of debtor</b>	<b>Balance at beginning of year</b>	<b>Additions</b>	<b>Amounts collected</b>	<b>Amounts written off</b>	<b>Current</b>	<b>Non-current</b>	<b>Balance at end of year</b>
Advances to related parties Stockholders	172,950,418	70,810,003	-	-	243,760,421	-	243,760,421

## SCHEDULE C

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Amounts Receivable from Related Parties which are eliminated  
during the consolidation of financial statements  
December 31, 2025

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of year
<b>Parent Company</b>							
CD Ship Management & Marine Services Corp.	4,079,152	2,284,800	e298,727	-	6,065,225	-	6,065,225
Chelsea Marine Manpower Resources, Inc.	4,386,212	1,222,559	-	-	5,467,839	-	5,467,839
Chelsea Ship Management & Marine Services Corp.	2,212,102	2,455,526	153,000	-	4,514,628	-	4,514,628
Chelsea Shipping Corp. Davao Gulf Marine Services Inc.	305,521,867	14,451,360	69,030,077	-	267,175,575	-	267,175,575
Dynamic Cuisine, Inc.	1,569,441	7,916,832	9,486,273	-	-	-	-
Fortis Tugs Corporation	13,232,755	1,142,400	153,000	-	14,222,155	-	14,222,155
Michael, Inc.	-	9,173,472	9,173,472	-	-	-	-
Oceanstar Shipping Corp.	1,022,176	4,306,848	576,810	-	4,752,214	-	4,752,214
PNX- Chelsea Shipping Corp.	8,597,789	1,142,400	153,000	-	9,587,189	-	9,587,189
Precision Supply Chain	1,819,423	12,554,976	12,881,957	-	1,492,442	-	1,492,442
Quality Metal & Shipworks, Inc.	-	4,650,240	622,800	-	4,027,440	-	4,027,440
Starbites Food Services Corp.	22,145,496	1,142,400	153,000	-	23,134,896	-	23,134,896
Starlite Ferries, Inc.	29,963,402	6,283,200	5,792,062	-	30,334,413	-	30,334,413
Starlite Gallant Ferries, Inc.	217,736,306	131,284,608	247,077,005	-	100,760,794	-	100,760,794
Starsy Shoppe, Inc.	18,791,636	41,664,000	13,171,264	-	47,284,372	-	47,284,372
TASLI Services, Inc.	5,337,750	1,142,400	153,000	-	6,327,150	-	6,327,150
The Supercat Fast Ferry Corp.	2,803,965	2,763,696	-	-	4,477,536	-	4,477,536
Trans-Asia Shipping Lines Inc.	30,717,704	31,370,304	9,957,537	-	50,002,549	-	50,002,549
Worklinks Services Inc.	670,634,864	98,366,583	21,781,351	-	747,220,095	-	747,220,095
	42,208,109	26,914,944	69,029,885	-	45,255	-	45,255
<b>Subsidiaries</b>							
Bunkers Manila, Inc.	3,333,589	2,470,202	1,200	-	5,802,590	-	5,802,590
Chelsea Shipping Corp.	192,000,399	111,270,167	150,851,753	-	152,418,814	-	152,418,814
Fortis Tugs Corporation	1,811,563	40,167,325	39,902,686	-	2,076,201	-	2,076,201
Michael, Inc.	26,987,396	25,972,133	38,400	-	52,921,130	-	52,921,130
PNX-Chelsea Shipping Corp.	130,554,051	46,992,343	1,894,259	-	33,589,734	-	33,589,734
Starbites Food Services Corp.	44,941,992	101,171,340	10,379,772	-	135,733,559	-	135,733,559
Starlite Ferries, Inc.	657,238,235	369,979,167	340,662,392	-	686,555,010	-	686,555,010
The Supercat Fast Ferry Corp.	63,540,726	40,457,815	11,317,418	-	92,681,123	-	92,681,123
Trans-Asia Shipping Lines, Incorporated	441,249,493	279,853,708	91,917,583	-	629,185,620	-	629,185,620
Davao Gulf Marine Services, Inc.	7,222,676	52,707,868	52,533,736	-	7,396,808	-	7,396,808
Starlite Gallant Ferries, Inc.	250,110	-	-	-	250,110	-	250,110
	2,951,910,379	1,473,275,616	1,169,143,419	-	3,125,502,466	-	3,125,502,466

## SCHEDULE D

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Long-Term Debt  
December 31, 2025

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Borrowings, current portion" in the statement of financial position	Amount shown under caption "Borrowings, net of current portion" in the statement of financial position	Interest rate	No. of periodic installments	Maturity date
<b>Parent company</b>						
<b>Term loans</b>						
Amalgamated Investment	560,383,343	41,385,945	552,052,336	2.00% to 8.00%	Quarterly	March 31, 2032
<b>Bank loans</b>						
Primary institutional lenders	202,671,857	99,723,473	56,726,294	2.00% to 10.00%	Quarterly	March 13, 2029
<b>Sub-total</b>		<b>141,109,418</b>	<b>608,778,630</b>			
<b>Subsidiaries</b>						
<b>Term loans</b>						
China Banking Corporation	642,300,000	1,605,750	591,326,511	5.00%	Quarterly	December 17, 2032
CTBC Bank (Philippines) Corp.	1,100,000,000	63,525,000	809,445,099	6.37%	Quarterly	July 22, 2027
Development Bank of the Philippines	618,000,000	49,482,683	492,667,640	6.50%	Quarterly	May 18, 2033
BDO Unibank, Inc.	498,458,000	143,680,162	115,708,524	6.50%	Quarterly	September 12, 2027
Development Bank of the Philippines	300,000,000	33,095,192	165,475,962	6.95%	Quarterly	November 7, 2030
Development Bank of the Philippines	306,000,000	40,228,893	172,409,542	6.95%	Quarterly	April 2, 2031
Philippine Business Bank	855,856,717	16,424,706	746,466,053	7.50%	Quarterly	June 26, 2030
Rizal Commercial Banking Corporation	113,138,713	10,480,000	84,104,977	9.50%	Quarterly	January 15, 2026
Asia United Bank	425,000,000	92,083,333	240,833,333	4.00%	Quarterly	October 26, 2029
Philippine Business Bank	460,000,000	75,900,000	359,746,097	7.50%	Quarterly	March 7, 2028
Philippine Business Bank	368,121,848	30,733,879	245,958,779	7.50%	Quarterly	January 6, 2027
Development Bank of the Philippines	370,000,000	30,008,657	243,070,118	7.50%	Quarterly	January 6, 2027
China Banking Corporation	1,932,000,000	-	1,762,656,623	5.00%	Quarterly	December 18, 2032
Development Bank of the Philippines	1,820,060,107	145,940,498	1,591,307,511	5.00%	Quarterly	December 31, 2035
Unionbank of the Philippines	200,000,000	19,800,000	177,210,000	5.00%	Quarterly	April 18, 2032
Sterling Bank of Asia	197,277,295	-	174,964,423	5.00%	Quarterly	September 30, 2034
Philippine Business Bank	442,696,689	79,697,939	377,945,741	3.00%	Quarterly	March 30, 2030
Development Bank of the Philippines	526,330,004	24,036,274	353,558,897	6.50%	Quarterly	December 30, 2035
Landbank of the Philippines	1,287,601,185	98,588,305	985,066,658	5.00%	Quarterly	May 28, 2032
Penta Capital Investments	205,042,335	1,464,633	193,819,719	7.00%	Quarterly	January 16, 2032
Asia United Bank	14,184,000	1,062,986	-	8.19%	Quarterly	March 15, 2027
		<b>957,838,890</b>	<b>9,883,742,207</b>			
<b>Bank Loans</b>						
Philippine Business Bank	500,000,000	220,000,000	-	7.50%	Quarterly	September 5, 2026
Sterling Bank of Asia	214,400,000	214,400,000	-	7.50%	Quarterly	January 15, 2026
Landbank of the Philippines	271,200,000	22,660,600	-	6.75%	Quarterly	October 3, 2026
Primary institutional lenders	284,386,645	39,805,146	250,068,249	7.50%	Quarterly	July 25, 2031
<b>Sub-total</b>		<b>496,865,746</b>	<b>250,068,249</b>			
<b>Mortgage loans</b>						
BDO Unibank, Inc.	228,118,410	60,667,586	49,418,719	6.50%	Quarterly	September 12, 2027
Eastwest	1,944,000	337,174	-	9.71%	Quarterly	December 03, 2026
<b>Sub-total</b>		<b>61,004,760</b>	<b>49,418,719</b>			
<b>Total</b>		<b>1,656,818,814</b>	<b>10,792,007,805</b>			

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Indebtedness to Related Parties  
December 31, 2025

Name of related party	Balance at beginning of year	Balance at end of year
Not Applicable		

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Guarantees of Securities of Other Issuers  
December 31, 2025

Name of issuing entity of securities guaranteed by the Company for which this statement is file	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
Not Applicable				

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Capital Stock  
December 31, 2025

Title of issue	Number of shares authorized	Number of shares issued and outstanding shown under related balance sheet caption	Number of shares reserved for options, warrants conversion, and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	3,490,000,000	2,143,518,615	-	1,519,134,606	2,478,808	621,905,201
Preferred shares	10,000,000	500,000	-	-	-	-

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Financial Soundness Indicators  
December 31, 2025, 2024 and 2023  
(Amounts in Philippine Pesos)

	2025		2024		2023	
<b>I. CURRENT/LIQUIDITY RATIOS</b>						
<b>Current Ratio</b>						
Current Assets	11,355,943,669		10,983,000,651		10,946,207,568	
Current Liabilities	12,031,878,813	0.94	12,091,577,993	0.91	15,057,386,665	0.73
<b>Acid Test Ratio</b>						
Current Assets - Inventories and Other						
Current Assets	8,765,153,723		8,606,475,658		8,641,696,232	
Current Liabilities	12,031,878,813	0.73	12,091,577,993	0.71	15,057,386,665	0.57
<b>II. SOLVENCY RATIOS</b>						
<b>Debt-to-assets Ratio</b>						
Total Liabilities	27,948,697,603		27,152,117,904		29,047,086,313	
Total Assets	32,123,179,003	0.87	31,412,873,094	0.86	32,951,357,786	0.88
<b>III. DEBT-TO-EQUITY RATIO</b>						
<b>Debt-to-equity Ratio</b>						
Total Liabilities	27,948,697,603		27,152,117,904		29,047,086,313	
Total Equity	4,174,481,400	6.70	4,260,755,190	6.37	3,904,271,473	7.44
<b>ASSET-TO-EQUITY RATIO</b>						
<b>Asset-to-equity Ratio</b>						
Total Assets	32,123,179,003		31,412,873,094		32,951,357,786	
Total Equity	4,174,481,400	7.70	4,260,755,190	7.37	3,904,271,473	8.44
<b>IV. INTEREST RATE COVERAGE RATIO</b>						
<b>Interest Coverage Ratio</b>						
EBITDA	3,191,775,427		2,071,704,964		1,540,808,522	
Interest Expense	1,054,550,618	3.03	1,044,583,159	1.98	1,227,384,987	1.26
<b>V. PROFITABILITY RATIOS</b>						
<b>Return on equity</b>						
Net Income (Loss)	50,133,075		177,395,130		(1,142,830,770)	
Shareholders' equity	4,174,481,400	0.01	4,260,755,190	0.04	3,904,271,473	(0.29)
<b>Return on assets</b>						
Net Income (Loss)	50,133,075		177,395,130		(1,142,830,770)	
Average Total Assets	31,768,026,049	0.00	32,182,115,440	0.01	33,118,442,392	(0.03)
<b>Net Profit Ratio</b>						
Net Income (Loss)	50,133,075		177,395,130		(1,142,830,770)	
Total Revenues	9,016,244,776	0.01	8,007,232,841	0.02	7,047,698,048	(0.16)
<b>Gross Profit Ratio</b>						
Gross Profit	1,852,219,820		1,456,975,297		1,449,323,514	
Total Revenues	9,016,244,776	0.21	8,007,232,841	0.18	7,047,698,048	0.21
<b>EBITDA Margin</b>						
EBITDA	3,191,775,427		2,071,704,964		1,540,808,522	
Total Revenues	9,016,244,776	35%	8,007,232,841	26%	7,047,698,048	22%
<b>VI. OTHER RATIOS</b>						
<b>Book Value Per Share - common</b>						
Equity attributable to Parent Company	3,994,481,400		4,080,755,190		3,724,271,473	
Number of Shares Outstanding	2,144,018,615	1.86	2,144,018,615	1.90	2,144,018,615	1.74
<b>Earnings (Loss) Per Share</b>						
Net Income (Loss)	50,133,075		177,395,130		(1,142,830,770)	
Weighted Average No. of Shares	2,144,018,615	0.02	2,144,018,615	0.08	1,948,175,365	(0.59)

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration  
For the year ended December 31, 2025  
(All amounts in Philippine Peso)

	<b>Amount</b>
<b>Deficit, beginning of the year</b>	(743,109,289)
Add: Category A: Items that are directly credited to Unappropriated retained earnings	
Reversal of Retained earnings appropriation/s	-
Effect of restatements or prior-period adjustments	-
Others	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings	
Dividend declaration during the reporting period	-
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others	-
<b>Deficit, as adjusted</b>	(743,109,289)
Add: Net (Loss) Income for the current year	(684,435,469)
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/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	-
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	-
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	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
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	-
	(684,435,469)

	<b>Amount</b>
<b>Adjusted net (loss) income</b>	
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
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	-
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	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
<b>Total deficit, end of the year available for dividend declaration*</b>	<b>(1,427,544,758)</b>

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries**  
(A subsidiary of Udenna Corporation)

Supplementary Schedule of External Auditor Fee-Related Information  
December 31, 2025

	2025	2024
<b>Total audit fees</b>	1,600,000	1,600,000
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total non-audit fees</b>	-	-
<b>Total audit and non-audit fees</b>	1,600,000	1,600,000

**Audit and non-audit fees of other related entities**

	2025	2024
Audit fees	8,900,000	8,900,000
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total audit and non-audit fees</b>	8,900,000	8,900,000



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Hi CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.,

## Valid files

- EAFS009393167ITRTY122025.pdf
- EAFS009393167TCRTY122025-01.pdf
- EAFS009393167AFSTY122025.pdf
- EAFS009393167OTHTY122025.pdf
- EAFS009393167RPTTY122025.pdf

## Invalid file

- <None>

Transaction Code: **AFS-0-68KAEDH50ACK9CBCMS3Z3NM207K8BBLJB**

Submission Date/Time: **Apr 15, 2026 01:13 PM**

Company TIN: **009-393-167**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of Chelsea Logistics and Infrastructure Holdings Corp. (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders or members, have expressed their opinion on the fairness of presentation upon completion of such audit.

---

**DENNIS A. UY**  
Chairman of the Board  
TIN 172-020-135

---

**CHRYSS ALFONSUS V. DAMUY**  
President and CEO  
TIN 913-898-959

---

**DARLENE A. BINAY**  
Chief Financial Officer  
TIN 145-150-987

Signed this 8th day of April 2026.

SUBSCRIBED AND SWORN to before me this **APR 08 2026** day of \_\_\_\_\_ 2026 at Taguig City, affiants exhibited to me their respective TIN.

Doc. No. 431  
Page No. 88  
Book No. VI  
Series of 2026

**ATTY. BRENDA C. GARCIA**  
Notary Public City of Taguig  
Until 31 December 2026

IBP O.R. No. INV584820/1-3-2026/Makati City  
PTR No. A-6736209 on Nov. 27, 2025 at Taguig City  
Appointment No. 125(2025-2026)  
MCLC Compliance No. VIII-0009332 APRIL 14, 2028  
Roll No. 39443



## Independent Auditor's Report

To the Board of Directors and Stockholders of  
**Chelsea Logistics and Infrastructure Holdings Corp.**  
(A subsidiary of Udenna Corporation)  
Stella Hizon Reyes Road  
Bo. Pampanga, Davao City

### Report on the Audits of the Separate Financial Statements

#### Our Opinion

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

#### What we have audited

The separate financial statements of the Parent Company comprise:

- the statements of financial position as at December 31, 2025 and 2024;
- the statements of total comprehensive income for the years ended December 31, 2025 and 2024;
- the statements of changes in equity for the years ended December 31, 2025 and 2024;
- the statements of cash flows for the years ended December 31, 2025 and 2024; and
- the notes to the separate financial statements, comprising material accounting policy information and other explanatory information.

#### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate financial statements section of our report.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,  
1226 Makati City, Philippines  
+63 (2) 8845 2728

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines ("Code of Ethics"), as applicable to audits of separate financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the separate financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

### **Responsibilities of Management and Those Charged with Governance for the separate financial statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the separate financial statements**

Our objectives are to obtain reasonable assurance about whether the separate 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 PSA 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 separate financial statements.

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

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

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

Independent Auditor's Report  
To the Board of Directors and Stockholders of  
Chelsea Logistics and Infrastructure Holdings Corp.  
Page 4

**Report on the Bureau of Internal Revenue Requirement**

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 23 to the separate financial statements is presented for the purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic separate financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

**Isla Lipana & Co.**



Pocholo D. Domondon  
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 8, 2026 at Makati City

SEC A.N. (Individual) as general auditors 108839 - SEC, Category A;  
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2025 financial statements

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2024; issued on November 9, 2024; effective until November 8, 2027

BOA/PRC Reg. No. 0142/P-014, effective until November 14, 2028

Makati City  
April 8, 2026

**Chelsea Logistics and Infrastructure Holdings Corp.**  
(A subsidiary of Udenna Corporation)

Separate Statements of Financial Position  
As at December 31, 2025 and 2024  
(All amounts in Philippine Peso)

	Notes	2025	2024
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	1,004,409	1,596,643
Trade and other receivables	3	1,390,156,246	1,396,157,520
Advances to related parties	13	8,579,017,113	8,751,079,740
Other current assets	4	356,521,736	319,627,929
<b>Total current assets</b>		<b>10,326,699,504</b>	<b>10,468,461,832</b>
<b>Non-current assets</b>			
Property and equipment, net	5	41,302,950	50,986,099
Investment property	6	95,111,171	95,111,171
Investments in subsidiaries and an associate, net	7	12,658,674,604	13,700,341,269
Deferred income tax assets, net	12	677,879,249	402,001,666
Other non-current assets, net	4	7,561,210	9,822,937
<b>Total non-current assets</b>		<b>13,480,529,184</b>	<b>14,258,263,142</b>
<b>Total assets</b>		<b>23,807,228,688</b>	<b>24,726,724,974</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Trade and other payables	8	2,337,930,062	2,370,904,292
Loans and borrowings, current portion	9	141,601,385	98,244,111
Advances from related parties	13	8,465,994,057	8,733,637,352
<b>Total current liabilities</b>		<b>10,945,525,504</b>	<b>11,202,785,755</b>
<b>Non-current liabilities</b>			
Loans and borrowings, net of current portion	9	609,477,470	626,376,216
Retirement benefit obligation	14	152,974,017	102,921,254
<b>Total non-current liabilities</b>		<b>762,451,487</b>	<b>729,297,470</b>
<b>Total liabilities</b>		<b>11,707,976,991</b>	<b>11,932,083,225</b>
<b>Equity</b>			
Share capital	10	2,144,018,615	2,144,018,615
Additional paid-in capital	10	11,204,327,157	11,204,327,157
Share options outstanding	10	24,485,103	18,300,333
Revaluation reserves	14	(17,785,882)	1,613,140
Deficit		(1,255,793,296)	(573,617,496)
<b>Total equity</b>		<b>12,099,251,697</b>	<b>12,794,641,749</b>
<b>Total liabilities and equity</b>		<b>23,807,228,688</b>	<b>24,726,724,974</b>

The notes on pages 1 to 42 are integral part of these separate financial statements.

**Chelsea Logistics and Infrastructure Holdings Corp.**  
(A subsidiary of Udenna Corporation)

Separate Statements of Total Comprehensive Income  
For the years ended December 31, 2025 and 2024  
(All amounts in Philippine Peso)

	<b>Notes</b>	<b>2025</b>	<b>2024</b>
<b>Revenues</b>	13	315,333,600	339,069,667
<b>Cost and operating expenses</b>			
Salaries and employee benefits	14	(145,481,539)	(163,626,378)
Rental	13	(26,863,967)	(10,475,600)
Fines and penalties		(14,349,009)	(21,459,496)
Depreciation and amortization	4, 5	(13,497,184)	(23,232,845)
Dues and subscriptions		(8,401,894)	(4,397,025)
Outside services		(6,543,886)	(12,201,837)
Professional fees		(5,787,002)	(2,680,935)
Advertising and promotion		(3,708,123)	(4,357,240)
Transportation and travel		(3,670,965)	(3,034,200)
Taxes and licenses		(2,627,707)	(2,849,642)
Supplies		(364,707)	(1,227,977)
Directors' fees		(833,333)	(766,667)
Insurance		(154,238)	(159,260)
Miscellaneous	13	(9,626,209)	(7,613,182)
		(241,909,763)	(258,082,284)
<b>Operating income</b>		73,423,837	80,987,383
<b>Other (expenses) income, net</b>			
Loss on remeasurement upon loss of significant influence	7	(1,041,666,665)	-
Finance costs	11	(79,980,081)	(117,987,833)
Gain on reversal of trade and other payables	8	59,834,776	-
Interest income	2, 13	37,601,732	37,354,067
Impairment loss on investment in a subsidiary	7	-	(22,924,545)
Gain on sale of investment property	6	-	458,037,754
Other gains (losses), net	11	4,229,267	(55,058,870)
		(1,019,980,971)	299,420,573
<b>(Loss) income before income tax</b>		(946,557,134)	380,407,956
Income tax benefit	12	264,381,334	16,501,101
<b>(Loss) income for the year</b>		(682,175,800)	396,909,057
<b>Other comprehensive (loss) income</b>			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Remeasurement (loss) gain on retirement benefit obligation	14	(25,865,363)	2,359,009
Income tax benefit (expense)	12	6,466,341	(589,752)
Other comprehensive (loss) income for the year, net		(19,399,022)	1,769,257
<b>Total comprehensive (loss) income for the year</b>		(701,574,822)	398,678,314

The notes on pages 1 to 42 are integral part of these separate financial statements.

**Chelsea Logistics and Infrastructure Holdings Corp.**  
(A subsidiary of Udenna Corporation)

Separate Statements of Changes in Equity  
For the years ended December 31, 2025 and 2024  
(All amounts in Philippine Peso)

	Notes	Capital stock (Note 10)	Additional paid-in capital (Note 10)	Share options outstanding (Note 10)	Revaluation reserves (Note 14)	Deficit (Note 10)	Total
<b>Balance as at January 1, 2024</b>		2,144,018,615	11,204,327,157	16,043,994	(156,117)	(970,526,553)	12,393,707,096
<b>Comprehensive income</b>							
Income for the year	10	-	-	-	-	396,909,057	396,909,057
Other comprehensive income for the year	10	-	-	-	1,769,257	-	1,769,257
Total comprehensive income for the year		-	-	-	1,769,257	396,909,057	398,678,314
Share based compensation	10, 14	-	-	2,256,339	-	-	2,256,339
<b>Balance as at December 31, 2024</b>		2,144,018,615	11,204,327,157	18,300,333	1,613,140	(573,617,496)	12,794,641,749
<b>Comprehensive loss</b>							
Loss for the year	10	-	-	-	-	(682,175,800)	(682,175,800)
Other comprehensive income for the year	10	-	-	-	(19,399,022)	-	(19,399,022)
Total comprehensive income for the year		-	-	-	(19,399,022)	(682,175,800)	(701,574,822)
Share based compensation	10, 14	-	-	6,184,770	-	-	6,184,770
<b>Balance as at December 31, 2025</b>		2,144,018,615	11,204,327,157	24,485,103	(17,785,882)	(1,255,793,296)	12,099,251,697

The notes on pages 1 to 42 are integral part of these separate financial statements.

**Chelsea Logistics and Infrastructure Holdings Corp.**  
(A subsidiary of Udenna Corporation)

Separate Statements of Cash Flows  
For the years ended December 31, 2025 and 2024  
(All amounts in Philippine Peso)

	Notes	2025	2024
<b>Cash flows from operating activities</b>			
(Loss) income before tax		(946,557,134)	380,407,956
Adjustments for:			
Loss on remeasurement upon loss of significant influence	7	1,041,666,665	-
Finance costs	11	79,980,081	117,987,833
Gain on reversal of trade and other payables	8	59,834,776	-
Depreciation and amortization	4, 5	13,497,184	23,232,845
Retirement benefit expense	14	8,253,849	62,733,885
Share option benefit expense	10, 14	6,184,770	2,256,339
Unrealized foreign currency exchange losses	11	166,720	696,825
Gain on sale of property and equipment	5, 11	(1,049,107)	(443,240)
Interest income	2, 13	(37,601,732)	(37,354,067)
Impairment loss on investment in a subsidiary	7	-	22,924,545
Gain on sale of investment property	6	-	(458,037,754)
Operating income before working capital changes		224,376,072	151,605,167
Decrease (increase) in			
Trade and other receivables		110,100,720	(16,854,810)
Advances to related parties		(99,812,340)	37,691,792
Other current assets		(41,922,825)	(40,199,694)
(Decrease) increase in			
Trade and other payables		(80,655,632)	31,279,567
Cash generated from operations		112,085,995	126,322,022
Interest received		(37,601,732)	(37,354,067)
Cash paid for final taxes		(890)	(1,190)
Net cash from operating activities		112,086,837	126,474,899
<b>Cash flows from investing activities</b>			
Other non-current assets		295,035	60,935,276
Acquisitions of property and equipment	5	(340,667)	(349,249)
Proceeds from disposal of property and equipment	5	1,049,107	443,240
Net cash from investing activities		1,003,475	61,029,267
<b>Cash flows from financing activities</b>			
Proceeds from interest-bearing loans and borrowings	9	72,818,900	11,724,600
Payments of advances from related parties	13	(52,643,295)	(102,705,575)
Payments of interest-bearing loans and borrowings	9	(81,729,763)	(111,368,883)
Interest paid		(52,128,388)	(42,044,444)
Net cash used in financing activities		(113,682,546)	(244,394,302)
<b>Net decrease in cash</b>		(592,234)	(56,890,136)
Cash at beginning of year		1,596,643	58,486,779
<b>Cash at end of year</b>		1,004,409	1,596,643

The notes on pages 1 to 42 are integral part of these separate financial statements.

## **Chelsea Logistics and Infrastructure Holdings Corp.**

(A subsidiary of Udenna Corporation)

### **Notes to the Separate Financial Statements**

As at and for the years ended December 31, 2025 and 2024

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

#### **1 General information**

##### **1.1 Corporate information**

Chelsea Logistics and Infrastructure Holdings Corp. (CLC, Parent Company or the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) as Chelsea Shipping Group Corp. on August 26, 2016 primarily to subscribe for, invest and re-invest in, purchase, or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, deal in and hold investment or otherwise, any and all properties of every kind and description and wherever situated, including but not limited to shares of stocks, bonds, debentures, notes, evidences of indebtedness, promissory notes, or other securities or obligations, created, negotiated or issued by any corporation, association, or other entity, including, but not limited to, securities in corporations engaged in shipping and logistics.

On August 8, 2017, the shares of stock of the CLC were listed at the Philippine Stock Exchange (PSE).

On April 4, 2022, the SEC approved CLC's application for increase in authorized capital stock. The approval resulted in the increase in Udenna Corporation's (Udenna or the Ultimate Parent Company) effective ownership interest in CLC from 70% in 2021 to 75% in 2022. In October 2023, CLC entered into debt-to-equity conversion agreements with two of its lenders as part of its liability management exercise, reducing Udenna's effective ownership interest to 72.55% (Note 10.1).

The Parent Company is a subsidiary of Udenna, a company primarily organized to purchase, acquire, take over and manage all or any part of the rights, assets, business and property; undertake and assume the liabilities of any person, firm, association, partnership, syndicate of corporation; and to engage in the distribution, selling, importation, installation of pollution control devices, units and services, and all Other pollution control related products and emission test servicing. The registered office of CLC and Udenna, which is also their principal place of business, is located at Stella Hizon Reyes Road, Bo. Pampang, Davao City.

As at December 31, 2025 and 2024, the Parent Company has 35 shareholders, 26 of which holds at least 100 common shares each. The Parent Company's major shareholders are Udenna and its directors holding 72.70% of its total issued shares and the remaining 27.30% of total issued shares as at December 31, 2025 and 2024 are held by the public.

## 1.2 Subsidiaries, associate and their operations

As at December 31, the Parent Company holds ownership interests in the following subsidiaries and an associate (collectively referred to as the Group):

Company name	Notes	Percentage of ownership	
		2025	2024
Subsidiaries through direct interest:			
Chelsea Shipping Corp. (CSC)	a	100%	100%
Trans-Asia Shipping Lines, Incorporated (Trans-Asia)	b	100%	100%
Udena Investments B. V. (UIBV)	c	100%	100%
Starlite Ferries, Inc. (Starlite)	d	100%	100%
Worklink Services, Inc. (WSI)	e	100%	100%
TASLI Services, Incorporated (TSI)	f	100%	100%
The Supercat Fast Ferry Corporation (SFFC)	g	100%	100%
Subsidiaries through indirect interest:			
Bunkers Manila, Inc. (BMI) <sup>1</sup>	h	100%	100%
Michael, Inc. (MI) <sup>1</sup>	i	100%	100%
PNX-Chelsea Shipping Corp. (PNX-Chelsea) <sup>1</sup>	j	100%	100%
Chelsea Ship Management & Marine Services Corp. (CSMMSC) <sup>1</sup>	k	100%	100%
Fortis Tugs Corporation (FTC) <sup>1</sup>	l	100%	100%
Davao Gulf Marine Services, Inc. (DGMSI) <sup>2</sup>	l	100%	100%
Chelsea Marine Manpower Resources, Inc. (CMMRI) <sup>1</sup>	m	100%	100%
Chelsea Dockyard Corporation (CDC) <sup>1</sup>	n	100%	100%
CD Ship Management and Marine Services Corp. (CDSMMSC) <sup>1</sup>	o	100%	100%
Chelsea Shipping and Logistics Singapore Pte. Ltd. (CSLSP) <sup>1</sup>	p	-	100%
Quality Metals & Shipworks, Inc. (QMSI) <sup>3</sup>	q	100%	100%
Oceanstar Shipping, Inc. (Oceanstar) <sup>3</sup>	r	100%	100%
Dynamic Cuisine, Inc. (DCI) <sup>3</sup>	s	100%	100%
Starsy Shoppe, Inc. (SSI) <sup>3</sup>	t	100%	100%
Star Maritima Port and Allied Services (Star Maritima) <sup>3</sup>	u	100%	100%
Starbites Food Services Corp. (Starbites) <sup>4</sup>	v	100%	100%
Starlite Gallant Ferries, Inc. (SGFI) <sup>4</sup>	d	100%	100%
Starlite Premiere Ferries, Inc. (SPFI) <sup>4</sup>	d	100%	100%
Big Hub Transport and Logistics Corp. (Big Hub) <sup>3</sup>	w	100%	100%
Precision Supply Chain Solution, Inc. (Precision) <sup>4</sup>	z	100%	100%
Chelsea Business Solutions Corp.(CBSC) <sup>4</sup>	aa	100%	100%
KGLI-NM Holdings, Inc. (KGLI-NM) <sup>5</sup>	x	100%	100%
Associate:			
Dito Holdings Corporation (DHC) <sup>6</sup>	y	3.67%	8.59%

<sup>1</sup>Wholly owned subsidiary of CSC

<sup>2</sup>Wholly owned subsidiary of FTC

<sup>3</sup>Wholly owned subsidiary of Trans-Asia

<sup>4</sup>Wholly owned subsidiary of Starlite

<sup>5</sup>60.29% owned by CLC and 39.71% owned by UIBV, based on voting rights

<sup>6</sup>Reclassified to financial assets at fair value through other comprehensive income in 2025

Except for UIBV and CSLSP, which were organized and incorporated in the Netherlands and Singapore, respectively, all the subsidiaries and the associate were organized and incorporated in the Philippines.

- Incorporated on July 17, 2006 and is engaged in the business of maritime trade in the conveyance or carriage of petroleum products, goods, wares and merchandise of every kind, over domestic and international oceans, seas, lakes, rivers, canals, harbours, and other waterways in the Philippines.
- Incorporated on March 25, 1974 and is engaged in the transport of passengers and cargoes within Philippine territorial waters and/or in the high seas. Trans-Asia was acquired by the Parent Company on December 12, 2016.

- c. Incorporated on August 25, 1994 under the laws of the Netherlands, having its corporate seat in Amsterdam, and is incorporated to participate in, to administer, to finance, to conduct the management of and to render advice and services to other companies and enterprises. UIBV is formerly known as KGL Investment B.V, a private company with limited liability.

UIBV owns 80% economic interest and 39.71% of the voting rights in KGLI-NM.

- d. Incorporated on August 25, 1994 and is primarily engaged in general business of domestic shipping, to own and operate vessels of any class, type of description for domestic trade, to charter in and out any vessel. Starlite was acquired by the Parent Company on November 9, 2017.

On August 10, 2018 and October 22, 2018, Starlite acquired all of the outstanding shares of stock of SGFI and SPFI, respectively. Both companies are primarily engaged in the general business of domestic shipping; to own and operate vessel of any class, type or description for domestic trade; and, to charter in and out any vessel.

- e. Incorporated on June 2, 1994 and is engaged in logistics services such as but not limited to cargo freight forwarding (air, land and sea), cargo consolidation, courier services, distribution, trucking, warehousing, customs brokerage, packing and crafting, etc. WSI was acquired by the Parent Company on November 8, 2017.
- f. Incorporated on September 2, 2019 and is primarily engaged in shipping agency business and maritime operation and services.
- g. Incorporated on June 20, 2001 and is primarily engaged in domestic shipping business - transporting both passenger and cargoes, to own, operate, and charter vessels of any class or type, and to own, control, construct and operate passenger terminals.
- h. Incorporated on March 7, 2000 and is established to serve the growing demand of marine fuel (bunker) of foreign vessels calling on the ports of the Philippines and hauling of marine fuel and petroleum products for major oil companies.
- i. Incorporated on December 26, 1957 and is engaged in the business of acquiring and operating floating equipment for charter or hire, and for the conveyance and carriage of goods, wares, and merchandise of every description in the Philippines coastwise traffic without any fixed schedule.
- j. Incorporated on February 2, 2011 and is engaged in the ownership and operation of vessels for domestic trade for the purpose of conveyance or carriage of petroleum products, goods, wares and merchandise of every kind and description.
- k. Incorporated on March 30, 2012 and is engaged in the business of ship management and to act as agent, broker, ship handler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels.
- l. Incorporated on April 8, 2013 and is engaged in the towage and salvage of marine vessels and other crafts including their cargoes upon seas, lakes, rivers, canals, bays, harbours, and other waterways between the various ports of the Philippines.

On December 15, 2016, FTC acquired 100% of the outstanding capital stock of DGMSI, a Davao-based tug service provider. DGMSI is engaged in, operates, conducts, and provides tug and marine services to all vessels, foreign or coastwise that dock and undock in the District Port of Davao and all other ports in the Philippines.

- m. Incorporated on June 9, 2016 and is primarily engaged in the business of providing full and partial crewing for domestic and foreign vessels, to act as the authorized representative and crew manager of shipping companies, and to provide allied maritime services for said vessels and companies.

- n. Incorporated on January 8, 2018 and is engaged in the general business of building and repair of ships, boats and other kinds of vessels as well as in ship breaking activities. As at December 31, 2024, CDC has not yet started commercial operations.
- o. Incorporated on March 14, 2018 to primarily engage in the business of ship management and to act as agent, broker, ship chandler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels.
- p. Incorporated and domiciled in the Republic of Singapore and is primarily engaged in the business and management consultancy services. On July 26, 2025, CSLP was struck off from the register of companies in the Republic of Singapore. As a result, it was deconsolidated at the date the control was lost.
- q. Incorporated on November 28, 2007 and is engaged in machining and mechanical works on ship machineries and industrial plants.
- r. Incorporated on July 6, 2006 primarily to engage in the business of domestic shipping for the transportation of passengers and cargoes with territorial waters and/or in the high seas and is presently engaged in the charter or lease of maritime vessels.
- s. Incorporated on June 21, 2000 primarily to establish and maintain restaurant, coffee shops, refreshment parlors, cocktail lounges and cater goods, drinks, refreshments and other food commonly served in such establishments.
- t. Incorporated on December 31, 2005 and is engaged in the purchase of all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation for purposes of selling the same on retail or wholesale, either local and/or through importation.
- u. Incorporated on October 11, 2018 and is primarily engaged in arrastre services. As at December 31, 2024, Star Maritima has not yet started commercial operations.
- v. Incorporated on June 27, 2018 and is engaged to purchase all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation, for purposes of selling the same on retail or wholesale locally.
- w. Incorporated on November 14, 2018 and is primarily engaged to act as cargo consolidator, to engage in the business of transporting by land natural persons and/or their baggages, cargo, goods merchandise or effects, and to own, lease or charter, offer for lease or charter or operate land vehicles such as, but not limited to buses, cars, jeeps or vans.
- x. Organized under Philippines laws and registered with SEC on August 8, 2008 as an investment holding company.
- y. Incorporated on November 4, 2019 and is primarily engaged to acquire, hold, sell, exchange, deal and invest in real or personal property of all kinds, including stocks, bonds, or securities of any public or private corporation, including any government or any subdivision thereof, in the same manner and to the extent as a natural person might, could, or would do, to exercise all the rights, powers, and privileges of ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes, without however managing securities, portfolio, or funds of the managed entity or firm, nor shall the corporation act as a stock dealer in securities or broker, nor engage in investment solicitation nor take investments from the public sector. The Parent Company initially subscribed to 41.67% ownership interest in DHC on November 4, 2019. DHC has not yet started commercial operations as at December 31, 2025.

In 2023, the SEC approved the increase in authorized capital stock of DHC, which resulted in the dilution of the Parent Company's ownership interest in DHC from 10.54% to 8.59% upon subscription by another investor of additional P2.2 billion in DHC. Such dilution did not result in cessation of significant influence of the Parent Company over DHC.

In 2025, the Parent Company's ownership interest in DHC was further diluted to 3.67% which resulted in cessation of significant influence over DHC. Consequently, the investment was reclassified from an investment in associate to a financial asset at fair value through other comprehensive income (FVOCI).

- z. Incorporated on December 28, 2023 and is primarily engaged to provide complete foreign and domestic end to end logistics, and distribution services for any and all kinds of goods including last mile delivery through the use of all available motor vehicles and vessels, aircraft, and to operate the necessary warehouses in connection with said logistics and distribution services.
- aa. Incorporated on November 2, 2024 and is primarily engaged in the general business of a one-stop shop providing travel products and services for domestic and international travels including transportation arrangements, accommodations and travel packages. CBSC has not yet started commercial operations as at December 31, 2025.

### **1.3 Status of the Parent Company's operations**

The Parent Company entered 2025 by transitioning from post-pandemic recovery to a focused phase of strategic modernization and digital integration. Capitalizing on the Philippine economy's steady performance in 2024, the Company successfully navigated an evolving maritime landscape. As the volatility of fuel prices and interest rates began to subside, 2025 provided the stability needed to pivot our focus toward fleet efficiency, environmental compliance, and long-term sustainability.

Throughout the year, the Parent Company accelerated its strategic roadmap by prioritizing operational agility and fiscal discipline through several key initiatives:

- Maintained a lean cost structure by reducing non-essential capital expenditures and deferring discretionary spending.
- Invested in upskilling existing personnel to maximize internal talent, fostering a culture of motivation and holistic employee well-being.
- Secured extended payment terms with key business partners and suppliers.
- Remained committed to innovation, leveraging digitalization to boost productivity and elevate the customer experience.
- Prioritized statutory compliance and risk-mitigation frameworks to ensure long-term environmental, social, and governance stability.
- Continued Liability Management Exercise (LME) to restructure debt, ensuring a sustainable maturity profile.

Driven by the successful execution of these initiatives, the Company has shifted from a recovery mindset to a trajectory of sustainable expansion. This operational resilience, maintained despite external pressures, has significantly fortified the Company's market position.

Based on these fundamental improvements, the Company anticipates generating adequate cash flows sufficient to support all ongoing activities. Consequently, management has concluded that there is no material uncertainty regarding the Company's ability to continue as a going concern.

### **1.4 Approval of separate financial statements**

The accompanying separate financial statements were approved and authorized for issue by the Parent Company's Board of Directors (BOD) on April 8, 2026.

## 2 Cash

Cash as at December 31 consists of:

	2025	2024
Cash on hand	77,000	12,000
Cash in banks	927,409	1,584,643
	1,004,409	1,596,643

Cash in banks generally earn interest at the respective bank deposit rates from 0.05% to 0.13%. Interest income earned from cash in banks amounted to P1,732 in 2025 (2024 - P154,067).

## 3 Trade and other receivables

Trade and other receivables as at December 31 consist of:

	Note	2025	2024
Trade receivables	13	1,009,366,629	1,044,468,093
Non-trade receivables	13	380,705,337	350,822,256
Advances to officers and employees		84,280	867,171
		1,390,156,246	1,396,157,520

Trade and non-trade receivables are non-interest bearing and generally have a 30 to 60 days term.

Advances to officers and employees represent unsecured, non-interest-bearing cash advances for business-related expenditures and are subject to liquidation. Any unliquidated balances are subject to deductions on the salary of officers and employees.

### *Critical accounting estimate - Expected credit losses (ECL) on trade receivables*

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Parent Company has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgments. In determining the ECL on trade receivables, the Parent Company used three years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in inflation rate and gross domestic product to reflect the current and forward-looking information.

Any change in the Parent Company's assessment of the collectability of trade receivables could impact the recorded carrying amount of receivables and related provision for impairment.

All of the Parent Company's trade and other receivables have been assessed for impairment using ECL methodology. Based on the assessment made using the provisional matrix as determined by management and consideration of security provided by the Ultimate Parent Company and deduction from salaries of officers and employees in the case of advances to officers and employees, all receivables were assessed to be collectible in full, hence, no provisions for expected credit losses were recognized.

#### 4 Other assets

Other assets as at December 31 consist of:

	Notes	2025	2024
<i>Current</i>			
Creditable withholding taxes		311,081,974	255,417,931
Deferred input value added taxes (VAT)		45,294,449	63,862,457
Prepayments		11,384	20,377
Advances to suppliers		133,929	327,164
		356,521,736	319,627,929
<i>Non-current</i>			
Software, net of amortization		7,211,210	9,177,902
Refundable deposits	9.3	50,000	9,923
Restricted cash	9.1	-	335,112
Others		300,000	300,000
		7,561,210	9,822,937

Creditable withholding tax pertains to advance payments of income tax withheld by customers and remitted to BIR and can be used against future income tax payable.

Deferred input VAT pertains to the input VAT on services rendered to the Parent Company that remains unpaid as at December 31, 2025 and 2024.

Software refers to computer software licenses and software development costs, net of amortization. The details and movements of the software as at December 31 is shown below.

	2025	2024
Balance at beginning of year	9,177,902	11,144,594
Amortization during the year	(1,966,692)	(1,966,692)
Balance at end of year	7,211,210	9,177,902

Amortization is presented as part of depreciation and amortization under operating expenses in the separate statements of total comprehensive income.

Refundable deposits arise from operating leases on certain office (Note 9.3).

Restricted cash represents bank accounts that are reserved for debt service requirements in relation to certain loans of the Parent Company (Note 9.1). The loan related to the restricted was fully paid in 2024.

#### *Critical accounting judgment - Recoverability of creditable withholding taxes*

In determining the recoverable amount of creditable withholding taxes, management considers the probability of future transactions that will be available against which the creditable withholding taxes can be utilized, including adequacy of and compliance with the required documentation for anticipated tax audits in case the entities within the Parent Company opted to file for refund with the tax authorities in the future.

Management uses judgment based on the best available facts and circumstances, including but not limited to, the adequacy of documentation, timely filing of application with the tax authority and evaluation of the individual tax credit claim's future recoverability and utilization. As at reporting date, management believes that it will be able to recover these creditable withholding taxes on the following basis that creditable withholding taxes carried in income tax returns do not expire and can be used against future income tax payable.

## 5 Property and equipment, net

Details and movements of property and equipment, net as at and for the years ended December 31 are as follows:

	Transportation equipment	Furniture, fixture and equipment	Leasehold improvements	Right-of-use asset	Total
At December 31, 2025 Cost	11,944,643	8,588,440	108,093,568	1,506,676	130,133,327
Accumulated depreciation and amortization	(11,944,643)	(7,995,976)	(68,551,333)	(338,425)	(88,830,377)
Net carrying amount	-	592,464	39,542,235	1,168,251	41,302,950
At December 31, 2024 Cost	13,717,857	8,280,220	108,387,319	-	130,385,396
Accumulated depreciation and amortization	(13,717,857)	(7,617,840)	(58,063,600)	-	(79,399,297)
Net carrying amount	-	662,380	50,323,719	-	50,986,099

A reconciliation of the carrying amounts of property and equipment as at December 31 is shown below:

	Transportation equipment	Furniture, fixture and equipment	Leasehold improvements	Right-of-use asset	Total
Balance at January 1, 2025, net of accumulated depreciation and amortization	-	662,380	50,323,719	-	50,986,099
Addition	-	340,667	-	1,506,676	1,847,343
Depreciation and amortization expense for the year	-	(410,583)	(10,781,484)	(338,425)	(11,530,492)
Balance at December 31, 2025, net of accumulated depreciation and amortization	-	592,464	39,542,235	1,168,251	41,302,950
Balance at January 1, 2024, net of accumulated depreciation and amortization	354,643	612,347	61,219,698	9,716,315	71,903,003
Addition	-	349,249	-	-	349,249
Depreciation and amortization expense for the year	(354,643)	(299,216)	(10,895,979)	(9,716,315)	(21,266,153)
Balance at December 31, 2024, net of accumulated depreciation and amortization	-	662,380	50,323,719	-	50,986,099

Depreciation and amortization expense of property and equipment is presented under operating expenses account in the separate statements of total comprehensive income.

For the year ended December 31, 2025, the Parent Company sold certain transportation equipment with a zero net book value resulting in gain on sale amounting to P1 million (2024 - P0.4 million). This was presented as part of other income in the separate statements of total comprehensive income (Note 11.2).

### *Critical accounting estimate - Estimated useful lives of property and equipment*

The Parent Company's management determines the estimated useful lives for its property and equipment based on the period over which the assets are expected to be available for use. The Parent Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

If the actual useful lives of the property and equipment differ by +/- 10% from management's estimates, the carrying amount of property and equipment at cost, net as at December 31, 2025 would have been P1.5 million higher or P0.8 million lower (2024 - P1.1 million higher or P1.4 million lower). The range used was based on the management's assessment where potential impact to operations might occur.

### *Critical accounting judgment - Impairment of property and equipment*

The Parent Company's property and equipment is carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period.

As at December 31, 2025 and 2024, based on management's assessment and judgment, there are no indications of impairment or changes in circumstances indicating that the carrying value of their property, plant and equipment may not be recoverable.

## **6 Investment property**

The Parent Company's investment property pertains to a parcel of land located at Brgy. Ligid-Tipas, Taguig City. The land is carried at cost as at December 31, 2025 and 2024.

The movement of investment property for the years ended December 31 follows:

	2025	2024
Balance at beginning of year	95,111,171	1,270,907,962
Disposal during the year	-	(1,175,796,791)
Balance at end of year	95,111,171	95,111,171

Fair value measurement and disclosures related to the investment property are presented in Note 19.

In 2024, the Parent Company entered into a Deed of Assignment (Dacion En Pago) with China Banking Corporation (CBC) where the Parent Company assigned its rights and ownership to a certain portion of the investment property with a carrying value of P1,175.8 million to CBC for a total consideration of P1,633.8 million. The consideration was applied as full payment of the outstanding loan and unpaid interest of the Parent Company amounting to P1,013.8 million and partial payments to unpaid interest of loans of CSC and Tran-Asia with CBC amounting to P620 million (Notes 9 and 13). This resulted to a gain on sale of investment property amounting to P458.0 million presented under other income (expenses) in the separate statements of total comprehensive income. The application of the consideration related to the deed of assignment as full payment to the outstanding loan and unpaid interests and gain on sale of investment property are considered as non-cash transactions in the separate statements of cash flows for the year ended December 31, 2024.

The investment property of the Parent Company with a carrying amount of P95.1 million as at December 31, 2025 (2024 - P95.1 million) were used as a collateral to secure payment of CSC and TASLI's term loan with CBC (Note 9).

## 7 Investments in subsidiaries and an associate

The carrying values of the Parent Company's investments in subsidiaries and an associate as at December 31 are as follows:

	2025	2024
<b>Subsidiaries:</b>		
UIBV	6,048,000,000	6,048,000,000
CSC	3,000,000,000	3,000,000,000
Starlite	1,940,972,290	1,940,972,290
KGLI-NM	1,230,658,050	1,230,658,050
WSI	665,625,000	665,625,000
SFFC	650,000,000	650,000,000
Trans-Asia	616,253,686	616,253,686
TSI	3,125,000	3,125,000
	14,154,634,026	14,154,634,026
<b>Associate:</b>		
DHC	-	1,041,666,665
	14,154,634,026	15,196,300,691
Allowance for impairment of investment in subsidiaries	(1,495,959,422)	(1,495,959,422)
	12,658,674,604	13,700,341,269

On November 24, 2016, the Parent Company acquired all of the outstanding shares of CSC from P-H-O-E-N-I-X Petroleum Philippines, Inc. (PPPI), a related party under common ownership, for a total consideration of P2.0 billion. As at December 31, 2025 and 2024, the outstanding liability to PPPI arising from this transaction amounted to P500.0 million, which is presented as part of non-trade payables under the trade and other payables in the separate statements of financial position (Note 8).

On March 27, 2017, the Parent Company acquired all of the outstanding shares of UIBV from Udenna through a share-for-share swap, where the Company issued new common shares in favor of Udenna in exchange for shares of UIBV (Note 10.1).

On October 4, 2019, the Parent Company subscribed to 1,041,666,665 common shares or equivalent to 41.67% interest of DHC's authorized capital stock for a total amount of P1.0 billion. Out of the subscribed shares, P781.2 million worth of shares remains unpaid as at December 31, 2025 and 2024 and is presented as subscription payables under trade and other payables in the separate statements of financial position (Note 8). In 2023, another investor subscribed to the additional common shares in DHC, causing the dilution of the Parent Company's effective ownership from 10.54% to 8.59%. Management assessed that the Parent Company still exercises significant influence over DHC; hence, is still recognized as an investment in associate.

In 2025, following the dilution of the Parent Company's effective ownership in DHC from 8.59% to 3.67%, the Parent Company ceased to exercise significant influence. Consequently, the investment was reclassified from an investment in associate to a financial asset at FVOCI in which the Parent Company recognized a loss of P1.04 billion from the reclassification and is presented as loss on remeasurement upon loss of significant influence under other (expense) income, net in the separate statements of total comprehensive income for the year ended December 31, 2025 (2024 - nil). As at the reporting date, management has assessed the fair value of this investment to be nil. This is based on the DHC's significant recurring losses and net capital deficiency position.

On October 1, 2021, the Parent Company acquired the Preferred B shares and common shares of KGLI-NM from its previous owner for a total consideration of P874.9 million. The acquisition resulted in increase in the effective voting rights of the Parent Company from 90.07% in 2020 to 100.0% in 2021.

On November 8, 2021, the Parent Company subscribed to additional 100.0 million shares of Starlite, and these were paid by the Parent Company by way of conversion of advances to the subsidiary (Note 10.1).

A reconciliation of the allowance for impairment of investments in subsidiaries as at December 31 are as follows:

	2025	2024
Balance at beginning of the year	1,495,959,422	1,473,034,877
Provision for impairment loss on investments in subsidiaries	-	22,924,545
Balance at end of year	1,495,959,422	1,495,959,422

The allowance for impairment of investments in subsidiaries is related to the following subsidiaries as follows:

	2025	2024
TASLI	970,632,907	970,632,907
CSC	525,326,515	525,326,515
Balance at end of year	1,495,959,422	1,495,959,422

For the year ended December 31, 2024, the Parent Company assessed that the recoverable amount of its investments in TASLI and CSC was lower than their carrying values and an impairment loss amounting to P22.9 million was recognized and presented as impairment loss on investment in a subsidiary under other (expenses) income, net in the separate statements of total comprehensive income. There is no similar impairment noted for the year ended December 31, 2025.

*Critical accounting judgment - Determination of significant influence over entities in which the Parent Company holds less than 20% ownership*

Judgment is exercised in determining whether the Parent Company already has significant influence or control over an entity. In assessing each interest over an entity, the Parent Company considers the power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investors return.

Management has assessed that despite the dilution of effective ownership interest in DHC in 2022 (Note 8.1), the Parent Company continues to exercise significant influence arising from its representation on the board of directors and participation in policymaking processes of DHC.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicates that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

*Critical accounting judgment - Impairment of investment in subsidiaries and an associate*

The carrying value of investment in subsidiaries and an associate is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those management judgment and assessment could have a significant effect on the carrying value of investments and the amount and timing of recorded provision for any period.

As at December 31, 2025 and 2024, based on management's assessment and judgment, a portion of the carrying value of the Parent Company's investments may not be recoverable, hence provided for with an allowance for impairment.

## 8 Trade and other payables

Trade and other payables as at December 31 consist of:

	Notes	2025	2024
Trade payables		848,020,567	786,062,410
Subscription payables	7	781,249,999	781,249,999
Non-trade payables	7, 13.4	500,000,000	508,376,667
Accrued expenses		100,557,799	93,453,227
Deferred output VAT		76,760,618	149,602,091
Output VAT payable		24,680,369	15,309,607
Others		6,660,710	36,850,291
		2,337,930,062	2,370,904,292

Trade payables are non-interest-bearing payable to suppliers with an average credit period of 30 days.

Accrued expenses consist mainly of unpaid interest on the Parent Company's outstanding bank loans (Note 9) and unpaid professional fees for services rendered to the Parent Company.

In 2025, the Parent Company reversed certain trade and other payables amounting to P59.8 million (2024 - nil) which include long outstanding balances that were determined by management to be no longer due after reconciliation or confirmation with suppliers and vendors. The resulting gain is presented as part of the other (expenses) income, net in the separate statements of total comprehensive income.

## 9 Loans and borrowings

The short-term and long-term interest-bearing loans and borrowings are broken down as follows:

	Notes	2025	2024
Current:			
Bank loans	9.2	101,670,025	79,852,297
Term loans	9.1	39,439,393	18,391,814
Lease liability	9.3	491,967	-
		141,601,385	98,244,111
Non-current:			
Term loans	9.1	553,998,889	558,922,078
Bank loans	9.2	54,779,741	67,454,138
Lease liability	9.3	698,840	-
		609,477,470	626,376,216
		751,078,855	724,620,327

A reconciliation of the carrying amounts of interest-bearing loans and borrowings for each of the years ended December 31, 2025 is presented below.

	Term loans (Note 9.1)	Bank loans (Note 9.2)	Lease liability (Note 9.3)	Total
Balance as of January 1, 2025	577,313,892	147,306,435	-	724,620,327
Cash flow from a financing activity:				
Additions	-	72,818,900	-	72,818,900
Repayments	(17,571,605)	(63,842,289)	(315,869)	(81,729,763)
	(17,571,605)	8,976,611	(315,869)	(8,910,863)
Non-cash financing activities:				
Additions	18,079,545	-	1,506,676	19,586,221
Amortization of discount	15,616,450	-	-	15,616,450
Foreign currency exchange revaluation	-	166,720	-	166,720
	33,695,995	166,720	1,506,676	35,369,391
Balance at December 31, 2025	593,438,282	156,449,766	1,190,807	751,078,855
Balance as of January 1, 2024	1,362,919,079	218,145,615	8,956,841	1,590,021,535
Cash flow from a financing activity:				
Additions	-	11,724,600	-	11,724,600
Repayments	(19,848,262)	(82,563,780)	(8,956,841)	(111,368,883)
	(19,848,262)	(70,839,180)	(8,956,841)	(99,644,283)
Non-cash financing activities:				
Assignment of investment property	(800,000,000)	-	-	(800,000,000)
Additions	22,858,888	-	-	22,858,888
Amortization of discount	10,687,362	-	-	10,687,362
Foreign currency exchange revaluation	696,825	-	-	696,825
	(765,756,925)	-	-	(765,756,925)
Balance at December 31, 2024	577,313,892	147,306,435	-	724,620,327

Additions presented as non-cash financing transactions represent unpaid interest that was capitalized and rolled over into principal as part of the restructured loans.

Interest incurred on these loans is presented as part of finance costs under the other (expenses) income, net in the separate statements of total comprehensive income (Note 9.1). The related unpaid interest as at December 31, 2025 and 2024 is presented as part of accrued expenses under the trade and other payables in the separate statements of financial position (Note 8).

## 9.1 Term loans

### a. China Banking Corporation (CBC)

On August 27, 2019, the Parent Company entered into a loan agreement with CBC to finance the acquisition of a real estate property and for the construction of a warehouse facility on the said property amounting to P800.0 million. The loan is subject to a fixed interest rate of 7.25% for the first ten years and subject to repricing for the remaining five years. On the interest rate resetting date, the interest rate shall be repriced and determined based on the higher of the benchmark rate and interest spread of 250 bps, divided by the interest premium of factor of 95% or a floor rate of 7.25%. The loan is payable on a quarterly basis up to 15 years from the initial drawdown, inclusive of two-years grace period from the date of signing. As at December 31, 2023, the Parent Company has total drawdown amounting to P800.0 million from the term loan facility.

In 2024, the outstanding was fully paid through a Deed of Assignment (Dacion En Pago) agreement with CBC (Note 6). This resulted in a gain on sale of investment property amounting to P458.0 million presented under other income (expenses), net in the separate statements of total comprehensive income.

As at December 31, 2025, the investment property of the Parent Company with a carrying amount of P95.1 million (2024 - P95.1 million) was used as a collateral to secure payment of the loans of CSC and Trans-Asia (Note 6).

*b. Philippine Business Bank (PBB)*

In May 2021, the Parent Company entered into a loan facility with PBB amounting to US\$3.5 million to finance the Parent Company's equity due on MV Trans-Asia 21. The loan is subject to annual interest rate of 10.0% and is payable on a quarterly basis up to the end of third year from the first draw down. On August 12, 2022, PBB and the Parent Company has amended its MOA in which the principal repayment will be on a staggered basis commencing at the date of amendment until 2023 with annual interest rate of 11.0%. In 2023, the agreement was amended to extend the payment of principal and interest until January 2025. The loan does not include any financial covenant. The loan was subsequently settled in 2025.

The loan is secured by a deed of pledge of shares of stock by Udenna and the Parent Company with a net book value of P138.7 million as at December 31, 2024 (Note 13.7).

*c. Amalgamated Investment Bancorporation (AIB)*

On March 31, 2023, the Parent Company entered into a loan agreement with AIB to restructure the outstanding bank loan and unpaid interest amounting to P500.0 million and P60.4 million, respectively. The restructured loan bears lower annual interest rate applicable for year 1, collected quarterly in arrears, to be recaptured at a target rate in year 9, with annual repricing based on BVAL plus a fixed interest rate ending on the 3rd year. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted in catch-up income for the year ended December 31, 2023 amounting to P36.3 million, presented as part of the gain on debt modification under other income (expenses) in the separate statements of total comprehensive income. The loan does not include any financial covenant.

## **9.2 Bank loans**

The Parent Company obtained various unsecured bank loans with local banks and private institutional and individual lenders primarily for working capital requirements. The loans bear annual interest rates ranging from 4.75% to 10.00% and are payable within 30 to 180 days. These loans do not include any financial covenants.

In October 2023, the Company entered into Subscription and Debt Conversion Agreements with certain private institutional lenders. As a result, the outstanding loan amounting to P233.4 million has been derecognized and converted through the issuance of 77,791,000 shares of the Parent Company (Note 10).

## **9.3 Lease liability**

The Parent Company has leases for certain office equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the separate statement of financial position as a right-of-use asset and a lease liability. The Parent Company classifies its right-of-use assets as part of property and equipment in the separate statements of financial position (Note 5).

Each lease generally imposes a restriction that, unless there is a contractual right for the Parent Company to sublet the asset to another party, the right-of-use asset can only be used by the Parent Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Parent Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office space, the Parent Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Parent Company must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The Parent Company's lease for certain office equipment has a term of three years with the ownership to be transferred at the end of the lease term.

The Parent Company historically does not exercise its termination options. The lease termination option not recognized as part of liability, based on the lease contract, is expected to be equivalent to a certain percentage of the unrealized income of the lessor due to the termination.

The lease liability is secured by the related underlying asset. The maturity analysis of lease liability as at December 31, 2025 is shown as follows:

	Within 1 year	1 to less than 2 years	2 to less than 3 years	Total
December 31, 2025				
Lease payments	550,032	550,032	179,393	1,279,457
Finance charges	(58,065)	(29,220)	(1,365)	(88,650)
Net present value	491,967	520,812	178,028	1,190,807

As at December 31, 2025 and 2024, the Parent Company had not committed to any leases, which had not commenced.

The Parent Company's short-term leases consist of contracts which have a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. Payments made under such leases are expensed on a straight-line basis. The expenses relating to short-term leases amounted to P26.9 million for the year ended December 31, 2025 and is presented as rental under operating expenses in the separate statements of total comprehensive income (2024 - P10.4 million). As at December 31, 2025 and 2024, the Parent Company has no remaining commitments on short-term leases.

Interest expense on lease liabilities amounting to P0.1 million for the year ended December 31, 2025 is presented as part of finance costs under other (expenses) income, net in the separate statements of total comprehensive income (2024 - P0.6 million) (Note 11.1).

Refundable deposit relating to the lease of office spaces as at December 31, 2025 amounted to P0.1 million (2024 - P0.01 million) and is presented as other non-current assets in the separate statements of financial position (Note 4).

*Amount recognized in the separate statements of total comprehensive income and separate statements of cash flows*

The separate statements of total comprehensive income for the years ended December 31 shows the following amounts relating to leases:

	Notes	2025	2024
Amortization expense	5	338,425	9,716,315
Interest expense	11.1	54,770	586,669
Expense related to short-term and low value lease		26,863,967	10,475,600

The total cash outflow for the lease agreements for the year ended December 31, 2025 amounted to P0.4 million (2024 - P11.1 million), with principal and interest payments amounting to P0.3 million and P0.1 million, respectively (2024 - P8.9 million and P0.6 million, respectively).

a. *Discount rate*

Payments for lease of real property are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

*Critical accounting estimate and assumption - Determining the incremental borrowing rate*

To determine the incremental borrowing rate, the Parent Company uses the government bond yield, adjusted for the (1) credit spread specific to the Parent Company and (2) security using the right-of-use asset. The discount rate applied by the Parent Company for the years ended December 31, 2023 is 6%.

b. *Extension and termination options*

Extension and termination options are included in the several leases of the Parent Company. These are used to maintain operational flexibility in terms of managing the assets used in the Parent Company's operations. The extension and termination options held are exercisable by both the Parent Company and the respective lessor.

*Critical accounting judgment - Determination of lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Parent Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Parent Company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Parent Company is typically reasonably certain to extend (or not terminate).

Otherwise, the Parent Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

All extension options in leases have been included in the lease liabilities because the renewal is most likely to happen given that the Parent Company could not replace the assets without significant costs or business disruption. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

#### 9.4 Net debt reconciliation

Presented below is the net debt reconciliation as at December 31:

	Notes	2025	2024
Cash	2	1,004,409	1,596,643
Advances from related parties	13.1	(8,465,994,057)	(8,733,637,352)
Loans and borrowings	9	(751,078,855)	(724,620,327)
Net debt		(9,216,068,503)	(9,456,661,036)

## 10 Equity

### 10.1 Share capital

Share capital as December 31 consists of:

	2025	2024	2025	2024
Preferred shares - P1 par value				
Authorized	10,000,000	10,000,000	10,000,000	10,000,000
Issued and outstanding	500,000	500,000	500,000	500,000
Common shares - P1 par value				
Authorized	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000
Issued	-	-	-	-
Balance at beginning of the year	1,899,768,615	1,899,768,615	1,899,768,615	1,899,768,615
Issuance during the year	-	-	-	-
Balance at end of the year	1,899,768,615	1,899,768,615	1,899,768,615	1,899,768,615
Subscribed shares	375,000,000	375,000,000	375,000,000	375,000,000
Less - Subscription receivable				
Balance at beginning of the year	131,250,000	131,250,000	131,250,000	131,250,000
Paid during the year	-	-	-	(150,000,000)
Balance at end of the year	131,250,000	131,250,000	131,250,000	131,250,000
Total issued, subscribed and outstanding shares	2,144,018,615	2,144,018,615	2,144,018,615	2,144,018,615

On March 27, 2017, CLC acquired all of UIBV's outstanding capital stock through a share swap agreement with Udenna wherein Udenna transferred to CLC 18,200 UIBV shares. In exchange, the Parent Company issued 775,384,615 new common shares from its authorized and unissued capital stock in favor of Udenna (Note 7). In addition, the Parent Company recognized APIC amounting to P5,272.6 million.

On July 11, 2017, the SEC issued an order approving the Registration Statement covering the securities, which comprised the Parent Company's outstanding capital stock. On August 8, 2017, the Parent Company's shares were listed in the PSE and the trading of offer shares commenced. The Parent Company offered to the public 546,593,000 primary shares at an offer price of P10.68 per share for total gross proceeds of P5.8 billion. In addition, the Parent Company recognized the APIC amounting to P4,725.8 million, net of issuance costs amounting to P565.3 million. As at December 31, 2025, the Parent Company's listed shares closed at P0.96 per share (2024 - P1.31).

On October 6, 2020, the Parent Company's Shareholders ratified the BOD's approval of the issuance of 500,000 Preferred Shares via private placement to Global Kingdom Investments Limited at the subscription price of P1,000 per share, subject to certain terms and conditions. The par value of the Preferred Shares is P1.0 per share. Actual issuance of the shares has not yet been executed as at December 31, 2021.

On the same date, the Parent Company's Shareholders also ratified the BOD's approval of the increase in the authorized capital stock of the Parent Company to P3,500,000,000. The increase of 1,500,000,000 shares, consists of all common shares. Udenna Corporation subscribed to 375,000,000 common shares, which is 25% of the increase in common shares, at the price of P3.26 per share with reference to the 90-day volume weighted average price. The par value of the common shares is P1.0 per share.

Receipt of capital infusion from Global Kingdom Investments Limited amounting to P414.8 million and from Udenna amounting to P305.6 million, totaling to P720.4 million was presented as Deposits on Future Stock Subscriptions under Equity section as at December 31, 2021 and was reclassified as part of Capital Stock and APIC in 2022 upon approval of the increase in the authorized capital stock by the SEC on April 4, 2022.

In 2022, Global Kingdom has fully paid its subscriptions to preferred shares and the Parent Company subsequently issued the preferred shares. The preferred shares are non-voting, redeemable at the option of the issuer at subscription price and earn cumulative cash dividend at a rate of 8% per annum payable upon BOD's declaration and approval.

On October 2023, the Parent Company entered into Subscription and Debt Conversion Agreements with certain private institutional lenders in which the Parent Company offered to pay its outstanding loan amounting to P233.4 million through issuance of 77,791,000 shares of the Company (Note 10). APIC was recognized amounting to P155.6 million and is presented under Equity section as at December 31, 2025 and 2024.

In 2023, the Parent Company collected from Udenna a partial payment of the subscription receivable amounting to P489.0 million which was presented as part of subscribed shares and APIC as at December 31, 2025 and 2024.

## 10.2 Employee stock option plan

On February 13, 2019, the BOD of the Parent Company approved an ESOP covering all regular employees with at least one year of service from the date of grant. This was subsequently ratified by stockholders holding at least two-thirds of the outstanding capital stock on March 15, 2019. The objective of the ESOP is to recognize the loyalty, dedication and exemplary performance of the employees of the Parent Company, thereby encouraging long-term commitment to the Parent Company.

Under the ESOP, the Parent Company shall initially reserve for exercise of stock options up to 56.3 million common shares of the Parent Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares, 66.67% of which were granted to existing employees as at the initial offering date (IOD) while the remaining 33.33% is reserved for employees hired after the IOD. Stock options may be granted within five years from the adoption of the ESOP and may be exercised within 10 years from the date of grant. The exercise price shall be based on the volume weighted average price of the Parent Company 30 days prior to the IOD. The options shall vest for a period of one to five years from the IOD. The Parent Company shall receive cash for the stock options.

As at December 31, 2025 and 2024, pursuant to the ESOP, the Parent Company has granted the option to its eligible employees to subscribe to 37.6 million shares of the Parent Company. An option holder may exercise in whole or in part his vested option, provided that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. No options have been exercised as at December 31, 2025 and 2024.

The fair value of the option grant date estimated using binomial option pricing model that takes into account factors specific to the ESOP. The principal assumptions used in the valuation are shown below.

Vesting period ends	May 15, 2025
Option life	Five years
Share price at grant date	P6.05
Exercise price at grant date	P6.28
Amended exercise price	P3.99
Average fair value at grant date	P3.16
Average standard deviation of share price returns	51.28%
Average risk-free investment rates	6.14%

The underlying expected volatility was determined by reference to historical date of the Parent Company's shares over a period of time consistent with the option life.

In 2022, the Parent Company amended the subscription price of the stock options to P3.99 per share from P6.28 per share and the exercise periods to the first five trading days of September of every year. This change was taken prospectively from date of approval.

For the year ended December 31, 2025, a total of P6.2 million is recognized and included as part of salaries and employee benefits under operating expenses in the separate statements of total comprehensive income (2024 - P2.2 million) (Note 14.1) and credited to share options outstanding in the equity section of the statements of financial position. In 2025, outstanding share options amounting to P24.5 million is presented as Share Options Outstanding in the separate statements of financial position (2024 - P18.3 million).

*Critical accounting estimate and assumptions - Fair value measurement of stock options*

The Group estimates the fair value of the stock options by applying an option valuation model, taking into account the terms and conditions on which the stock options were granted. The estimates and assumptions used include, among other things, the option life, average standard deviation of share price returns and applicable risk-free investment rate. Changes in these factors can affect the fair value of stock options at grant date.

On October 28, 2022, the Parent Company's BOD approved the change in the subscription price to P3.99 per share as stipulated in the amended Employee Stock Option Plan (the ESOP). This change was applied prospectively from the date of approval and resulted in an increase in share options expense totaling to P18.8 million in 2022. There were no amendments made to the ESOP in 2025 and 2024.

**11 Other income (expenses)**

**11.1 Finance cost**

The details of finance costs for the years ended December 31 are shown below.

	Notes	2025	2024
Interest expense on:			
Interest-bearing loans	9	66,160,188	94,419,454
Deficiency taxes		7,456,050	17,630,299
Post-employment benefits	15.2	6,309,073	5,351,411
Lease liabilities	9.3	54,770	586,669
		79,980,081	117,987,833

**11.2 Other gains (losses), net**

The details of other gains (losses), net for the years ended December 31 are shown below.

	Notes	2025	2024
Gain on sale of property and equipment	5	1,049,107	443,240
Bank charges		(60,358)	(126,579)
Foreign currency exchange losses, net		(44,425)	(2,845,016)
Write-off of deferred charges		-	(56,401,122)
Miscellaneous	4	3,284,943	3,870,607
		4,229,267	(55,058,870)

The Parent Company recognized net foreign currency exchange losses of P0.4 million for the year ended December 31, 2025 (2024 - P2.8 million gain) of which P0.2 million pertains to unrealized foreign exchange loss as at December 31, 2025 (2024 - P0.7 million loss).

## 12 Income taxes

The components of income tax benefits for the years ended December 31 are shown below.

	2025	2024
Reported in profit or loss:		
Current tax:		
Minimum corporate income tax (MCIT) at 2%	(5,029,018)	(4,711,184)
Final taxes at 20%	(890)	(1,190)
	(5,029,908)	(4,712,374)
DIT benefit	269,411,242	21,213,475
	264,381,334	16,501,101
Reported in other comprehensive income:		
DIT benefit (expense)	6,466,341	(589,752)

The reconciliation of tax on pretax profit (loss) computed at the applicable statutory rate to tax income (expense) reported in the profit and loss section of the separate statements of total comprehensive income is as follows:

	2025	2024
Tax on pretax loss (profit) at 25%	236,639,284	(106,502,812)
Adjustments for income subjected to lower tax rates	99,544	37,326
Tax effects of:		
Non-taxable income	-	114,509,438
Application of NOLCO	36,278,863	18,540,910
Unrecognized MCIT	(5,029,018)	(4,711,184)
Non-deductible expenses	(3,607,339)	(5,372,578)
Income tax benefit	264,381,334	16,501,100

DIT assets, net as at December 31 consist of the tax effect of the following temporary differences:

	2025	2024
DIT assets		
Impairment losses on investment in subsidiaries	373,989,855	373,989,855
Retirement benefit obligation	35,835,638	25,728,566
Unrealized foreign currency exchange losses	7,598,054	7,700,154
Loss on FVOCI	260,416,666	-
Share based compensation	6,121,277	4,575,084
Leases	5,639	-
	683,967,129	411,993,659
DIT liability		
Gain on debt restructuring	(6,087,880)	(9,991,993)
	677,879,249	402,001,666

Realization of future tax benefit related to DIT assets is dependent on the Parent Company's ability to generate future taxable income during the periods in which these are expected to be recovered. The Parent Company has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at December 31, 2025 and 2024 and regularly reviews the recoverability of the DIT assets recognized.

Movements in the DIT assets, net for the years ended December 31 are as follows:

	Note	2025	2024
Balance at beginning of year		402,001,666	381,377,943
Credited (charged) to profit or loss		269,411,242	21,213,475
Credited (charged) to other comprehensive income	15	6,466,341	(589,752)
Balance at end of year		677,879,249	402,001,666

In 2020, pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Any net operating losses of a business that will be incurred for other taxable years can be carried over as a deductible expense from taxable for three (3) consecutive taxable years following the year of such loss.

The details of the Parent Company's NOLCO are shown below.

Year Incurred	Original Amount	Applied in Current Year	Applied in Prior Year	Remaining Balance	Valid Until
2021	244,026,427	(115,717,316)	-	128,309,111	2026
2020	205,653,114	(29,398,136)	(176,254,978)	-	2025
	449,679,541	(145,115,452)	(176,254,978)	128,309,111	

The Parent Company did not recognize the related DIT asset on NOLCO as at December 31, 2025 and 2024 as management assessed that the related benefits may not be fully utilized prior to its expiration. The unrecognized DIT assets from NOLCO as at December 31, 2025 amounted to P32.1 million (2024 - P68.4 million)

For the years ended December 31, 2025, the Parent Company is subject to the MCIT, which is computed at 2% (2024 - 2%) of gross income net of allowable deductions, as defined under the tax regulations or regular corporate income tax (RCIT), whichever is higher. The Parent Company's MCIT was higher than RCIT in each of the years ended December 31, 2025.

The details of the Parent Company's MCIT are shown below.

Year Incurred	Remaining Balance	Valid Until
2025	5,029,018	2028
2024	4,711,184	2027
2023	4,768,407	2026

The Parent Company did not recognize the related DIT asset on MCIT as at December 31, 2025 and 2024 as management assessed that the related benefits may not be fully utilized prior to its expiration.

#### *Critical accounting judgment - Income taxes; Recoverability of DIT assets*

Significant judgment is required in determining the income tax expense recognized in profit or loss. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Parent Company recognizes liabilities for anticipated tax assessment issues when it is probable. The liabilities are based on assessment and judgment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Parent Company's income tax and related liability in the period in which such determination is made.

Further, the recognition of DIT assets depends on management's assessment of the probability and available future taxable income against which the temporary difference can be applied. The Parent Company reviews the carrying amount of its DIT assets at the end of each reporting period and reduces the amounts to the extent it is no longer probable that sufficient taxable profit will allow all or part of its DIT assets to be utilized. Management has assessed during the reporting periods that the Parent Company will be able to generate sufficient future taxable income against which the temporary differences can be applied.

### 13 Related party transactions

The Parent Company's related parties include its ultimate parent company, subsidiaries, related parties under common ownership, associates, the Parent Company's key management personnel and stockholders.

Transactions amounting to more 10% or more of the total assets that were entered into with a related party, either individually or in aggregate value over a 12-month period with the same related party, are considered material. This is based on the requirements of SEC Memorandum Circular No. 2019-10, Rules of Material Related Party Transactions of Publicly-listed Corporations.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transactions (RPT) may be ratified by the vote of the stockholders representing at least two-thirds of the capital stock. For aggregate RPT within a 12-month period that breaches the materiality threshold of 10% or more of the total assets, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

A summary of the Parent Company's transactions with its related parties as at and for each of the years ended December 31 is presented below.

	Notes	Amounts of transaction		Receivable (payable)	
		2025	2024	2025	2024
<b>Parent Company:</b>					
Cash advances granted	13.1	1,347,591	-	7,105,724,937	7,104,377,346
<b>Subsidiaries:</b>					
Cash advances granted	13.1	73,464,749	9,995,519	1,234,511,958	1,161,047,209
Cash advances obtained	13.1	(52,643,295)	-	(8,176,994,057)	(8,229,637,352)
Non-trade receivable (Note 3)	13.1	(8,112,356)	325,754,673	317,642,317	325,754,673
Management fees	13.2	315,333,600	339,069,667	961,634,257	1,025,676,457
Interest income	13.3	37,600,000	37,200,000	47,732,372	18,791,636
<b>Related parties under common ownership</b>					
Cash advances obtained	13.1	215,000,000	-	(289,000,000)	(504,000,000)
Acquisition of CSC's shares (Note 8)	8, 9, 13.4	-	-	(500,000,000)	(500,000,000)
Rentals and utilities	13.5	29,123,117	12,702,969	153,692,645	134,368,784
Right-of-use assets	5, 13.5	-	(9,716,315)	-	-
Lease liabilities	9.3, 13.5	-	(8,956,841)	-	-
<b>Associate</b>					
Sale of Dito		271,874,967	-	-	271,874,967
<b>Shareholder</b>					
Cash advances granted	13.1	25,000,000	-	238,780,218	213,780,218

Unless otherwise stated, the outstanding receivables and payables from and to related parties are unsecured, noninterest-bearing and are generally settled in cash upon demand or through offsetting arrangement with the related parties.

### 13.1 Advances to and from related parties

In the normal course of business, the Parent Company grants and obtains unsecured, non-interest-bearing cash advances to and from its related parties mainly for working capital requirements and to bridge financing of vessel acquisitions pending draw down of related loans. As at December 31, 2025 and 2024, the outstanding receivable and payable balances to and from these advances are presented as advances to related parties and advances from related parties, respectively, in the separate statements of financial position. These advances have no repayment terms and are payable in cash on demand or through offsetting arrangement with the related parties.

The movements on advances to related parties for the years ended December 31 are as follows:

	Parent Company	Subsidiaries	Associate	Shareholder	Total
December 31, 2025					
Balance at beginning of the year	7,104,377,346	1,161,047,209	271,874,967	213,780,218	8,751,079,740
Collections	-	(8,906,254)	(215,000,000)	-	(223,906,254)
Reclassification	-	-	(56,874,967)	-	(56,874,967)
Advances granted	1,347,591	82,371,003	-	25,000,000	108,718,594
Balance at end of the year	7,105,724,937	1,234,511,958	-	238,780,218	8,579,017,113
December 31, 2024					
Balance at beginning of the year	7,116,076,955	1,173,610,059	271,874,967	227,209,551	8,788,771,532
Collections	(11,699,609)	(22,558,369)	-	(13,429,333)	(47,687,311)
Advances granted	-	9,995,519	-	-	9,995,519
Balance at end of the year	7,104,377,346	1,161,047,209	271,874,967	213,780,218	8,751,079,740

#### *Advances to Ultimate Parent Company*

Advances to the ultimate Parent company may be offset or applied against outstanding non-trade payable with entities under common control. The balance is to be secured by an equity investment of the ultimate parent company that will be transferred to the Parent Company upon execution of assignment agreement. Management expects this to be completed within 12 months from reporting date. This equity investment represents an interest in a related party under common control that maintains a profitable operational history, supported by strategic high-value assets and significant landholdings. Based on the fair value of the investment as at December 31, 2025, the projected value of the net assets to be received exceeds the carrying amount of the advances.

#### *Advances to Parent Company*

In 2021, KGLI-NM sold its investment in 2GO to third parties for a total consideration of P7,460.4 million. Portion of the consideration amounting to P6,550.3 million was offset against a loan of the Parent Company and is presented as part of advances to related parties in the separate statements of financial position. Further, P35.2 million of the total consideration was used to offset against the Company's payables with 2GO in 2021. Remaining balance of the consideration was used to acquire the Preferred B shares of KGLI-NM from its previous owner.

#### *Advances to subsidiaries*

In 2021, the Parent Company reclassified advances to related parties amounting to P263.2 million to form part of the Parent Company's additional investment in Starlite (Note 7).

#### *Non-trade receivable*

In 2024, the Parent Company paid the interest due to CSC and Trans-Asia with CBC totaling to P620.1 million through Dacion En Pago of the Parent Company's investment property. The Parent Company offset the outstanding advances from CSC and Trans-Asia totaling to P294.3 million as payment to the Parent Company. Remaining outstanding balance of the non-trade receivable amounted to P325.8 million is presented as part of trade and other receivables in the separate statements of financial position (Note 3).

In 2025, the advances to associate amounting to P215.0 million was offset against the advances from a related party under common control. The balance of P56.9 million as at December 31, 2025 was reclassified as part of non-trade receivable in the statements of financial position when the Parent Company ceased significant influence in the associate (Note 3).

*Critical accounting estimate - Expected credit losses (ECL) on advance to related parties*

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgments. In determining the ECL of advances to related parties, the Group used three years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in inflation rate and gross domestic product to reflect the current and forward-looking information.

Any change in the Group's assessment of the collectability of advances to related parties could impact its carrying amount and related provision for impairment.

*Critical accounting judgment - Recoverability of advances to related parties*

Management evaluates specific accounts under advances to related parties who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the debtor and the debtors' payment history. The net carrying amounts of due from related parties at the end of the reporting period and the amount and timing of recorded expenses would therefore differ based on actual experience and changes in judgments made.

*Advances from related parties*

The movements on advances from related parties for the years ended December 31 are as follows:

	2025	2024
Balance at beginning of the year	8,733,637,352	9,130,645,021
Offsetting	(215,000,000)	(294,302,094)
Repayments	(52,643,295)	(102,705,575)
Balance at end of the year	8,465,994,057	8,733,637,352

In 2024, the Parent Company entered into an offsetting arrangement with CSC and TASLI. In the agreement the Parent Company settled the unpaid interests on loans from CBC of CSC and TASLI (Note 9.1) and the amount was offset against the advances from these subsidiaries as at the time of the transaction.

**13.2 Management fees**

The Parent Company entered into management agreements with its subsidiaries wherein the Parent Company shall provide general management services such as, but not limited to, accounting and treasury, internal audit functions, management information, human resources planning, consultancy and delivery, quality management, coordination and acquisition of corporate insurance needs, maintenance of corporate records and assistance in coordinating legal processes, controllership activities and preparation of annual business plans and reports. In consideration for such services, the Parent Company charges a fee equivalent to a certain percentage of the related parties' revenues. Fees arising from these transactions are presented as Management fees under the revenues account in the separate statements of total comprehensive income.

The cost of services directly attributable to the management fees for the years ended December 31 consist of:

	2025	2024
Salaries and employee benefits	145,481,539	163,626,378
Rental	26,863,967	10,475,600
Depreciation expense	13,497,184	23,232,845
	<u>185,842,690</u>	<u>197,334,823</u>

The related receivables from related parties are unsecured, non-interest-bearing and is included as part of trade receivables under the trade and other receivables in the separate statements of financial position (Note 3). Further, no expected credit loss was recognized on the outstanding receivables from related parties for the years ended December 31, 2025 and 2024 based on management's assessment.

### **13.3 Interest income**

In 2025 and 2024, the Parent Company recharged to a certain subsidiary the total interest expense incurred in relation to a certain loan. The Parent Company recognized the corresponding interest income amounting to P37.6 million in 2025 (2024 - P37.2 million) under other expense (income) in the separate statements of total comprehensive income. The outstanding receivables from related parties are unsecured and is presented as part of trade receivables under the trade and other receivables in the separate statements of financial position (Note 3). Further, no expected credit loss was recognized on the outstanding receivables in for the years ended December 31, 2025 and 2024 based on management's assessment.

### **13.4 Acquisition of CSC's shares**

On November 24, 2016, the Parent Company acquired all of the outstanding shares of CSC from PPPI, a related party under common ownership, for a total consideration of P2.0 billion and is presented as part of investments in subsidiaries and associates in the separate statements of financial position (Note 7). As at December 31, 2025 and 2024, the outstanding liability from this transaction amounting to P500.0 million is presented as non-trade payables under the trade and other payables in the separate statements of financial position (Note 8).

### **13.5 Leases**

The Company occupies certain office space owned by Udenna Tower, a related party under common ownership. As of December 31, 2025, a formal lease contract has not been executed; however, the Company is billed on a monthly basis for the use of the premises. Related expense is presented as part of rentals and miscellaneous for utilities under operating expenses separate statements of total comprehensive income. The outstanding payable is presented as part of trade payables in the separate statement of financial condition.

### **13.6 Key management personnel compensation**

The Parent Company's key management personnel compensation includes short-term benefits, shared-based compensation and post-employment defined benefits for the year ended December 31, 2025 amounting to P47.3 million (2024 - P52.3 million) and are included as part of salaries and employee benefits under the operating expenses account in the separate statements of total comprehensive income.

### **13.7 Other**

Certain interest-bearing loans of the Parent Company were secured by deed of pledge of shares of stocks by Udenna and the Parent Company with a net book value as at December 31, 2024 of P138.7 million (Note 9.1).

## 14 Salaries and employee benefits

### 14.1 Salaries and employee benefits

The details of salaries and employee benefits for the years ended December 31 are shown below.

	Notes	2025	2024
Short-term employee benefits		131,042,920	103,994,565
Share-based compensation	10.2	6,184,770	2,256,339
Post-employment benefits	14.2	8,253,849	57,375,474
		145,481,539	163,626,378

### 14.2 Post-employment defined benefit

As at December 31, 2025 and 2024, the Parent Company has not yet established a post-employment benefit fund. The Parent Company, however, accrues retirement benefits based on its Retirement Plan Policy which covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years credited service. Normal retirement benefit is an amount equivalent to a certain percentage of the plan salary for every year of service from 22.5 days for less than 6 years of credited service, 100% for 6 years but less than 11 years, 125% for 11 years but less than 16 years, 150% for 16 years to 20 years and 175% for more than 20 years.

Actuarial valuations are made regularly to update the post-employment benefit expense and the amount of contributions.

The movements in the present value of retirement benefit obligation recognized as at December 31 are presented below:

	2025	2024
Balance at beginning of year	102,921,254	42,546,378
Current service cost	8,253,849	7,741,977
Interest cost	6,309,073	5,351,411
Past service cost	-	49,410,852
Net acquired obligation	9,624,478	229,645
Remeasurement (gain) loss due to changes in:		
Financial assumptions	(952,716)	(516,615)
Experience assumptions	26,818,079	(4,048,742)
Demographic assumptions	-	2,206,348
Balance at end of year	152,974,017	102,921,254

Net acquired obligation represents the retirement benefit obligation relating to employees of various subsidiaries that was transferred to the Parent Company, with the original tenor maintained.

The amounts of retirement benefit expense recognized in the separate statements of total comprehensive income for the years ended December 31 are as follows:

	Note	2025	2024
Recognized in profit or loss:			
Current service cost		8,253,849	7,741,977
Past service cost		-	49,410,852
Net acquired obligation due to employee transfers		-	229,645
Interest expense	12.1	6,309,073	5,351,411
		14,562,922	62,733,885
Recognized in other comprehensive income			
Remeasurement (gain) loss due to changes in			
Financial assumptions		(952,716)	(516,615)
Experience assumptions		26,818,079	(4,048,742)
Demographic assumptions		-	2,206,348
		25,865,363	(2,359,009)

Current service cost and past service cost are presented as part of salaries and employee benefits expense under operating expenses in the separate statements of total comprehensive income.

The movements in the reserve for remeasurements of retirement benefit obligation presented in equity for the years ended December 31 are as follows:

	Notes	2025	2024
Balance at beginning of year		1,613,140	(156,117)
Remeasurement gain (loss) recognized in OCI		(25,865,363)	2,359,009
Deferred income tax effect	12	6,466,341	(589,752)
		(17,785,882)	1,613,140

*Critical accounting estimate and assumptions - Valuation of post-employment defined benefit obligation*

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining retirement benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation.

The Parent Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Parent Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit obligation.

The principal assumptions used in the actuarial valuations for the years ended December 31 are as follows:

	2025	2024
Discount rates	6.23%	6.13%
Expected rate of salary increase	5.00%	5.00%

### *Discount rate*

The discount rate is determined by reference to the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEX (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero-coupon bonds as of the valuation date, and considering the average years of remaining working life of the employees as at the estimated term of the benefit obligation.

### *Salary rate increases*

This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increases comprise of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

### *Demographic assumptions*

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

Other key assumptions for retirement benefit obligation are based in part on current market conditions.

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 11 based on the profile plan of the members as at December 31, 2025 (2024 - 23). These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

### *Risks associated with the retirement plan*

The plan exposes the Parent Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

#### *i. Interest risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation.

#### *ii. Longevity and salary risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

### *Other information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Parent Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below.

*i. Sensitivity analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as at December 31, 2025 and 2024:

	Impact on retirement benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
December 31, 2025			
Discount rate	+/-1.0%	(8,768,691)	9,801,224
Salary growth rate	+/-1.0%	10,345,201	(9,399,767)
December 31, 2024			
Discount rate	+/-1.0%	(6,928,169)	7,797,101
Salary growth rate	+/-1.0%	8,141,850	(7,347,493)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the sensitivity analysis in previous page, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the separate statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

*ii. Funding Arrangements and Expected Contributions*

As at December 31, 2025, the plan is underfunded by P152.9 million based on the latest actuarial valuation (2024 - P102.9 million). While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 8.03 years' time when a significant number of employees is expected to retire. The Company does not expect to set-up a retirement fund plan to make any contribution to a plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan from as follows:

	2025	2024
Within one to five years	63,419,817	35,109,019
More than five years but not more than ten years	182,209,813	155,838,302
More than ten years but not more than 15 years	65,376,614	58,286,983
More than 15 years	134,859,733	81,619,614
	445,865,977	330,853,918

The weighted average duration of the defined benefit obligation at the end of the reporting period is five years.

**15 Commitments and contingencies**

There are other commitments and contingent liabilities that arise in the normal course of the Parent Company's operations which have not been reflected in the Parent Company's separate financial statements. Management is of the opinion that losses, if any, from other commitments and contingencies will not have material effects on the Parent Company's separate financial statements.

## **16 Significant accounting judgments and estimates**

The preparation of the Parent Company's separate financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the separate financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

### **16.1 Critical management judgments in applying accounting policies**

In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the separate financial statements:

- Recoverability of creditable withholding taxes (Note 4)
- Impairment of property and equipment (Note 5)
- Determination of significant influence over entities in which the Parent Company holds less than 20% ownership (Note 7)
- Impairment of investment in associate (Note 7)
- Determination of lease term (Note 9)
- Income taxes; Recoverability of DIT assets (Note 12)
- Recoverability of advances to related parties (Note 13)

### **16.2 Critical accounting estimates and assumptions**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are presented below.

- Expected credit losses (ECL) on trade receivables (Note 3) and advance to related parties (Note 13)
- Estimated useful lives of property and equipment (Note 5)
- Determining the incremental borrowing rate (Note 9)
- Fair value measurement of stock options (Note 10)
- Valuation of post-employment defined benefit obligation (Note 14)

## **17 Financial risk and capital management objectives and policies**

The Parent Company's activities expose it to a variety of financial risks. These activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Parent Company's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Parent Company's financial performance.

The Parent Company's risk management is coordinated with its Parent Company, in close cooperation with the BOD, and focuses on actively securing the Parent Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The most important types of risk the Parent Company manages are market risk (mainly interest rate risk), credit risk and liquidity risk.

The Parent Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Parent Company is exposed to are described below and in the succeeding pages.

## 17.1 Components of financial assets and financial liabilities and related risk factors

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the separate statements of financial position as at December 31 are as follows:

	Notes	2025		2024	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
<b>Financial assets</b>					
<i>At amortized cost</i>					
Cash and cash equivalents	2	1,004,409	1,004,409	1,596,643	1,596,643
Trade and other receivables	3	1,390,071,966	1,390,071,966	1,395,290,349	1,395,290,349
Advances to related parties	13.1	8,579,017,113	8,579,017,113	8,751,079,740	8,751,079,740
Security deposits	4	50,000	50,000	9,923	9,923
Restricted cash	4	-	-	335,112	335,112
		9,970,143,488	9,970,143,488	10,148,311,767	10,148,311,767
<b>Financial Liabilities</b>					
<i>At amortized cost</i>					
Interest-bearing loans	9	749,888,048	952,068,017	724,620,327	1,055,034,296
Leases	9	1,190,807	1,190,807	-	-
Trade and other payables	8	955,239,076	955,239,076	916,365,928	916,365,928
Advances from related parties	13.1	8,465,994,057	8,465,994,057	8,733,637,352	8,733,637,352
		10,172,311,988	10,374,491,957	10,374,623,607	10,705,037,576

Trade and other payables excludes subscriptions payable, non-trade payables, deferred output VAT, and output VAT payable as at December 31, 2025 amounting to P1,382.7 million (2024 - P1,454.5 million).

## 17.2 Market risks

The Parent Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

### (a) Foreign currency risk

The Parent Company has limited exposure to foreign currency risks as most of its transactions are denominated in Philippine pesos, its functional currency.

### (b) Interest rate sensitivity

As at December 31, 2025 and 2024, the Parent Company is exposed to changes in market interest rates through its cash in banks, which are subject to variable interest rates. However, management believes that the related interest rate risk exposure is not significant to the separate financial statements.

The Company's exposure to cash flow interest rate risk relates to borrowings which are subject to interest rates that are repriced at periodic intervals in accordance with the terms of the agreement. The Company's practice is to manage its interest cost by reference to current market rates in borrowings.

All other financial assets and financial liabilities are either noninterest-bearing or subject to fixed interest rates.

## 17.3 Credit risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Parent Company. The Parent Company is exposed to this risk for various financial instruments, for example, by granting advances and rendering services to related parties and by placing deposits with banks.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the separate statements of financial position as summarized below.

	Notes	2025	2024
Cash and cash equivalents	2	927,409	1,584,643
Trade and other receivables (excluding advances to officers and employees)	3	1,390,071,966	1,395,290,349
Advances to related parties	13.1	8,579,017,113	8,751,079,740
Refundable deposits	4	50,000	9,923
Restricted cash	4	-	335,112
		9,970,066,488	10,148,299,767

None of the financial assets are secured by collateral or other credit enhancements, except for cash, as described below.

*a. Cash and cash equivalents*

The Parent Company does not believe it has any significant exposure to credit risk arising from cash in banks as the Parent Company concentrates its main banking activities with universal banks as defined by the Philippine Banking System. Universal banks represent the largest single group and resource-wise financial institution in the country that has a good credit rating, duly approved by the Parent Company's BOD and, by policy, limits the amount of credit exposure to any of the financial institutions.

To further minimize credit risk exposure from cash, the Parent Company maintains cash deposits in reputable universal banks. The Parent Company assesses that cash in banks have low credit risk considering the bank's external credit ratings.

*b. Trade and other receivables and advances to related parties*

The Parent Company applies the PFRS 9 simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2025 and 2024, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

No impairment was recognized in relation to the Parent Company's trade and other receivables as the historical loss rates from existing customers are low and deemed insignificant. The Parent Company also considers to the existence of financial liabilities, which may be offset against the outstanding trade receivables with the same counterparty.

Furthermore, the Parent Company's advances to related parties are repayable on demand and the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date, taking into consideration historical defaults from the related parties. Management assessed that the outstanding advances from related parties as at December 31, 2025 and 2024 are recoverable since these the related parties were assessed to have a capacity to pay the advances upon demand and there were no historical defaults. Hence, no impairment is necessary.

c. *Security deposits*

The credit risk for refundable deposits is also considered negligible as the Parent Company has ongoing lease agreements with the counterparty and the latter is considered to be with sound financial condition and sufficient liquidity.

d. *Restricted cash*

The restricted cash presented as part of other current assets (Note 4) as at December 31, 2025 and 2024 was set up by the Parent Company in relation to the term loan agreement and maintained by in a reputable bank. The Parent Company assesses that the debt service reserve account have low credit risk considering the bank's external credit ratings.

## 17.4 Liquidity risk

The Parent Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Parent Company maintains cash to meet its liquidity requirements for up to 60-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Parent Company's financial liabilities, excluding lease liabilities (Note 9.4), have contractual maturities which are presented below.

*As at December 31, 2025*

	Notes	Due and demandable	Current		Non-current	
			Within Six Months	Within Six to Twelve Months	One to Five Years	More Than Five Years
Interest-bearing loans	9	-	106,386,558	87,491,746	710,344,975	47,844,738
Trade and other payables	8	424,010,284	531,228,792	-	-	-
Advances from related parties	13.1	4,232,997,029	4,232,997,028	-	-	-
		4,657,007,313	4,870,612,378	87,491,746	710,344,975	47,844,738

*As at December 31, 2024*

	Notes	Due and demandable	Current		Non-current	
			Within Six Months	Within Six to Twelve Months	One to Five Years	More Than Five Years
Interest-bearing loans	9	-	67,312,250	51,818,581	656,938,243	278,965,222
Trade and other payables	8	400,728,827	515,637,101	-	-	-
Advances from related parties	13.1	8,733,637,352	-	-	-	-
		9,134,366,179	582,949,351	51,818,581	656,938,243	278,965,222

These contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

## 18 Offsetting of financial assets and financial liabilities

In 2025, the Parent Company has set off financial assets and financial liabilities amounting to P215.0 million (2024 - P294.3 million) based on offsetting arrangements with its related parties. Generally, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instruments may have the option to settle on a net basis in the event of default of one of the parties through approval by the respective BOD and stockholders of both parties or upon instruction by Udenna.

In addition, the Parent Company's outstanding interest-bearing loans from certain banks can be potentially set-off to the extent of the Parent Company's outstanding cash deposited in the same banks. Restricted cash represents bank accounts that are reserved for debt service requirements in relation to certain loans of the Parent Company.

The outstanding balances of trade and other receivables and cash advances granted to related parties totaling P9,858.7 million as at December 31, 2025 (2024 - P10,146.3 million) (Notes 3 and 13) may be offset against the outstanding balances of accounts and other payables and cash advances obtained from related parties totaling P8,965.9 million as at December 31, 2025 (2024 - P9,233.6 million) (Notes 8 and 13).

The Parent Company also has cash balances are also restricted for use to secure line of credits with banks (Notes 5 and 9.1).

## 19 Fair value measurements and disclosures

### *Fair value measurements of non-financial assets*

The Level 3 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with adjustments on the price for the differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter of the land; hence, the higher the price per square meter, the higher the fair value. As at December 31, 2025, the fair value of the land classified under investment property amounted to P145.0 million as determined by reference to current prices for similar properties in the same location and condition (2024 - P145.0 million). Accordingly, the Parent Company's investment property as at December 31, 2025 and 2024 is not impaired.

## 20 Capital management objectives, policies and procedures

The Parent Company's capital management objectives are to ensure the Parent Company's ability to continue as a going concern and to provide an adequate return to shareholders. The Parent Company monitors capital on the basis of the carrying amount of equity as presented in the separate statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2025	2024
Total liabilities	11,707,976,991	11,932,083,226
Total equity	12,099,251,697	12,794,641,748
Debt-to-equity ratio	0.97: 1:00	0.93:1:00

The Parent Company's goal in capital management is to maintain a debt-to-equity structure ratio which is in line with the Parent Company's covenants related to its bank borrowings.

The Parent Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and total liabilities. The Parent Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Parent Company may issue new shares or sell assets to reduce debt.

## **21 Supplemental information on non-cash activities**

Discussed below are the supplemental on non-cash activities relative to the separate statements of cash flows of the Parent Company.

(a) In 2025, the Company recognized a right-of-use asset and lease liabilities amounting to P1.5 million.

## **22 Summary of material accounting policies**

The material accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **22.1 Basis of preparation of separate financial statements**

The separate financial statements of the Parent Company have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards;
- PAS Standards; and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

The separate financial statements have been prepared using historical cost basis except for the fair value of the Parent Company's FVOCI.

### **22.2 Adoption of amended PFRS Accounting Standards**

#### *a. New and amended standards adopted by the Parent Company*

There are no new accounting standards, interpretations and amendments to existing standards effective January 1, 2025 that are considered to be relevant or have a material impact on the Parent Company's separate financial statements.

#### *b. New standards, amendments and interpretations not yet adopted*

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Parent Company. The Parent Company's assessment of the impact of these new standards and amendments is set out below:

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 and PFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Parent Company does not expect the amendments to have a significant impact on its separate financial statements.

- PFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027)

PFRS 18 will replace PAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the separate financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the separate financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Parent Company's separate financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of PFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, foreign exchange differences currently aggregated in the line item other (expenses) income, net in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - management-defined performance measures;
  - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss - this break-down is only required for certain nature expenses; and
  - for the first annual period of application of PFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying PFRS 18 and the amounts previously presented applying PAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Parent Company will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

There are no other standards, interpretations and amendments to existing standards not yet effective as at December 31, 2025 reporting period that are considered to be relevant or have a material impact on the Parent Company's separate financial statements.

### **22.3 Separate financial statements and investments in subsidiaries and associates**

These financial statements are prepared as the Parent Company's separate financial statements. The Parent Company's investments in subsidiaries and associates are accounted for in these separate financial statements at cost, less any impairment loss.

The Parent Company loses significant influence over an associate when it loses the power to participate in the financial and operating policy decisions of that associate. The loss of significant influence can occur with or without a change in absolute or relative ownership levels. It could occur, for example, when an associate becomes subject to the control of a government, court, administrator or regulator. It could also occur as a result of a contractual arrangement.

If the retained interest in the former associate is a financial asset, the Parent Company shall measure the retained interest at fair value. The fair value of the retained interest shall be regarded as its fair value on initial recognition as a financial asset. The entity shall recognize in profit or loss any difference between the fair value of any retained interest in the associate and the carrying amount of the investment at the date the significant influence was lost.

### **22.4 Financial assets**

#### *Classification*

The Parent Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost. The classification depends on the Parent Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Parent Company did not hold financial assets at fair value during and at the end of each reporting period.

The Parent Company's financial assets at amortized cost category include cash and cash equivalent (Note 2), trade and other receivables (Note 3), advances to related parties (Note 14), security deposits (Note 4) and restricted cash (Note 4).

The Parent Company's financial assets are detailed in Note 17.1.

#### *Recognition and subsequent measurement*

The Parent Company recognizes a financial asset in the separate statement of financial position when the Parent Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Parent Company measures its financial assets at amortized cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest rate method.

### *Impairment*

The Parent Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and other financial assets at amortized costs. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Parent Company uses its historical experience, external indicators, forward-looking information, and other qualitative factors (including possible offsetting) to calculate the ECL using a provision matrix. The Parent Company also assesses impairment of trade and other receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

For advances to related parties which all are repayable on demand, the ECLs are recognized in two stages. If the credit risk on a financial asset has not increased significantly since initial recognition, the Parent Company measures and provides for credit losses that are expected to result from default events that are possible within the next 12 months (12-month ECL). When there has been a significant increase in credit risk on a financial asset, a loss allowance is required for credit losses expected over the remaining life of exposure, irrespective of the timing of the default (lifetime ECL). Accordingly, ECLs are based on the assumption that repayment of the advances or loans is demanded at the reporting date taking into consideration the historical defaults of the related parties. Management considers if the related party has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date. If the Parent Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL.

For cash, the Parent Company applies low credit risk simplification and measures the ECL on the financial assets based on a 12-month ECL basis unless there has been a significant increase in credit risk since origination, in which case, the loss allowance will be based on lifetime ECL.

## **22.5 Financial liabilities**

### *Classification and presentation*

The Parent Company only has financial liabilities at amortized cost which consist of trade and other payables (excluding payable to government agencies), advances from related parties, loans and borrowings and lease liabilities.

Financial liabilities at amortized cost pertain to issued financial instruments that are not classified as at fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash.

### *Recognition and measurement*

Financial liabilities at amortized cost are initially recognized at fair value less transaction costs.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the separate statements of total comprehensive income under other income or expense.

These financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

## *Derecognition*

Financial liabilities at amortized cost are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled, or when the obligation expires.

### **22.6 Fair value measurement**

In accordance with PFRS 13, Fair Value Measurement, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When the Parent Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

### **22.7 Property and equipment**

All items of property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

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

Transportation equipment	5 years
Office furniture and equipment	3 years

Leasehold improvements are amortized over the estimated useful lives of the assets of five to ten years or the lease term, whichever is shorter.

### **22.8 Investment properties**

Investment property consists of a parcel of land and is stated at cost.

If an owner-occupied property becomes an investment property, the Parent Company accounts for such property in accordance with the policy stated under Property and Equipment account up to the date of change in use.

## **22.9 Revenue and expense**

Recognition of revenues from management services are recognized over time as the services are provided because the customers receive and use the benefits simultaneously. The Parent Company's customers are billed quarterly and payment is due within 30 to 60 days from date of billing.

The Parent Company assesses its revenue arrangements against the following criteria to determine whether it is acting as principal or an agent:

- whether the Parent Company has primary responsibility for providing the services;
- whether the Parent Company has inventory risk;
- whether the Parent Company has direction in establishing prices; and,
- whether the Parent Company bears the credit risk.

If the Parent Company has determined it is acting as a principal, the Parent Company recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Parent Company has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Parent Company assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs, which are included as part of the cost of the related qualifying asset.

## **22.10 Leases - Parent Company as lessee**

The Parent Company amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

## **22.11 Impairment of non-financial assets**

The Parent Company's property and equipment, investments in subsidiaries and an associate, investment properties, and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Parent Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

## **22.12 Employee benefits**

The Parent Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plan, share-based compensation, and other employee benefits.

The Parent Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The Parent Company grants share options to qualified employees eligible under a stock option plan.

The Parent Company recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Parent Company's shareholders after certain adjustments. The Parent Company recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

### 23 Supplementary information required by the Bureau of Internal Revenue

Presented below and in the succeeding pages is the supplementary information on taxes, duties and license fees paid or accrued during the taxable year which is required by the BIR under RR No. 15-2010 to be disclosed as part of the notes to separate financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

#### (a) Output VAT

In 2025, the Parent Company declared output VAT amounting to P69,088,330 based on its VATable gross receipts amounting to P575,736,087 reported as part of Revenues in the 2025 statement of total comprehensive income. The outstanding Deferred Output VAT payable, which pertains to uncollected revenues, as at December 31, 2025 amounted to P76,760,618 is presented as part of trade and other payables in the separate statements of financial position.

#### (b) Input VAT

The movement in Input VAT for the year ended December 31, 2025 is summarized below.

Balance at beginning of year	-
Domestic purchase of services	9,565,135
Domestic purchase of goods other than capital goods	789,884
Application against output VAT	(10,355,019)
Balance at end of year	-

The Parent Company has outstanding deferred input VAT as at December 31, 2025 amounting to P45.3 million and is presented as part of other current assets in the separate statements of financial position.

#### (c) Taxes on Importation

The Parent Company has not paid or accrued any customs duties and tariff fees as it did not have any importation for the year ended December 31, 2025.

#### (d) Excise Taxes

The Parent Company did not have any transactions in 2025, which are subject to excise tax.

#### (e) Documentary Stamp Taxes (DST)

The Parent Company has paid DST related to insurance amounting to P18,462 for the year ended December 31, 2025.

*(f) Taxes and Licenses*

Taxes and licenses for the year ended December 31, 2025 are presented under operating expenses in the separate statements of total comprehensive income and broken down as follows:

DST	18,462
Business and local taxes	2,609,245
	<u>2,627,707</u>

*(g) Withholding Taxes*

The details of the total withholding taxes for the year ended December 31, 2025 are shown below.

	Paid	Accrued	Total
Expanded	-	9,201,370	9,201,370
Compensation and benefits	250,000	26,443,533	26,693,533
Final	-	2,110,139	2,110,139
	<u>250,000</u>	<u>37,755,042</u>	<u>38,005,042</u>

*(h) Deficiency tax assessment and cases*

As at December 31, 2025, the Parent Company does not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

## SUSTAINABILITY REPORT

## Contextual Information

Company Details	
Name of Organization	Chelsea Logistics and Infrastructure Holdings Corp. (CLIHC)
Location of Headquarters	Stella Hizon Reyes Road, Bo. Pampanga, Davao City Philippines 8000
Location of Operations	Nationwide Operations
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Chelsea Shipping Corp., Trans-Asia Shipping Lines, Incorporated, Starlite Ferries, Inc., Worklink Services, Inc., The SuperCat Fast Ferry Corporation, TASLI Services Incorporated
Business Model, including Primary Activities, Brands, Products, and Services	Tankering, Cargo Shipping/Freight, Passenger Shipping, Tugboat Services and Logistics & Warehousing
Reporting Period	FY2025
Highest Ranking Person responsible for this report	Chryss Alfonsus V. Damuy President & CEO

## Materiality Process

**Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.<sup>14</sup>**

The scope of this Sustainability Report extends to CLIHC's 6 main subsidiaries over which it has direct ownership control: Chelsea Shipping Corp., Trans-Asia Shipping Lines, Incorporated, Starlite Ferries, Inc., Worklink Services, Inc., The SuperCat Fast Ferry Corporation and TASLI Services Incorporated. These 6 subsidiaries have material contributions and impact on the Group in terms of business operations and continuity.

Due to the Chelsea Group's broad operations in the shipping and logistics sectors which cater to various corporate and retail accounts, this Report limits the scope to the general and common issues to be able to provide a clear introduction to the Group's operations.

## Economic Performance

## Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	9,016	₱ mn
Direct economic value distributed:		
a. Operating costs	8,291	₱ mn
b. Employee wages and benefits	1,128	₱ mn
c. Payments to suppliers, other operating costs	Refer to a	₱ mn
d. Dividends given to stockholders and interest payments to loan providers	897*	₱ mn
e. Taxes given to government	69**	₱ mn
f. Investments to community (e.g. donations, CSR)	0.138	₱ mn

\*Includes employee wages and benefits

\*\*Interest Payments for 2025

\*\*Tax Expense for 2025

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>CLIHC's core businesses include Tankering, Freight, Passage, Tugboat services and Logistics Services.</p> <p>CLIHC takes pride in transporting passengers throughout the archipelago, as passage shipping remains the economically efficient way to move people in the country.</p> <p>CLIHC's tankering, cargo transport, logistics and tugboat services supports various businesses across the country. Shipping is the primary means of inter-island transport, especially for bulk goods.</p> <p>CLIHC's core businesses play vital roles in economic growth and development.</p>	<p>Shareholders Employees Government Customers Suppliers Various Communities</p>	<p>The Management is focused on modernizing and right-sizing our vessel fleet, ramping up our logistics and warehousing capacity, and synergizing all our operations.</p> <p>CLIHC also aims to contribute to the improvement of the shipping industry by applying the best practices in ship management and in adhering to global standards.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>• Maritime vessels are susceptible to maritime accidents and mechanical breakdowns</li> <li>• Changes in the regulatory environment</li> <li>• Highly-competitive industry</li> <li>• Business cycle risks</li> </ul> <p>For more information, please see 17A, Item 2</p>	<p>Shareholders Employees Government Customers Suppliers Various Communities</p>	<p>Please see 17A, Item 2</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>The Philippines has a robust economic growth, increasing GDP per Capita, increasing OFW remittances and tourist arrivals, and evident growth in the e-commerce sector.</p>	<p>Shareholders Employees Government Customers Suppliers Various Communities</p>	<p>All of CLIHC's core businesses support its main economic growth thrust which in turn, would be valuable to all our stakeholders.</p>

#### Climate-related risks and opportunities

CLIHC and its main subsidiaries have focused on growing the core businesses in the last 7 years through various acquisitions and fleet modernization and right-sizing program. CLIHC acknowledges the need to identify and manage climate-related risks and take advantage of opportunities that come. While the Group is in the process of synergizing its operations, with climate-related risks and safety at the top of mind, hereunder is a snapshot of its accomplishment regarding this matter for 2024:

Governance	Strategy	Risk Management	Metric and Targets
Safety Management	Ensure satisfactory Quality Management	Regular internal audit of our processes	Achieved ISO 9001:2015 Certification in January 2020
Vessel Maintenance	Ensure quality control in the shipping environment	Planned investments in vessel maintenance	Compliance with pertinent domestic maritime (MARINA) regulations and applicable international conventions.

### Procurement Practices

#### Proportion of spending on local suppliers

Disclosure	Amount	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Helps the local economy.	Shareholders Employees Government Customers Suppliers Various communities	CLIHC Procurement Department is focused on helping local markets by building networks with international companies with presence in the country. When these companies look for local suppliers for their operational requirements, CLIHC refers them to local suppliers.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
High Cost: Mark-up from several channels the products or services went through before the Company receives the same. Government fees should also be taken into account.  Lead Time: Suppliers are dependent on Genuine Makers/ Dealers overseas' readiness to supply.	Shareholders Employees  Suppliers Procurement Officers Clients	CLIHC Procurement Department draws up plan for consolidated purchase prior to selection of credible suppliers, for restricted tendering.  CLIHC Procurement Department administers bidding processes maintaining 3 quotes per request.

After Sales. Many steps to be completed before getting feedback on warranty. Suppliers' Company Stability		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Low production cost and fast production cycle Improvement of public relations Accurate budget forecasting	Order requestor Suppliers Procurement Officers Clients	CLIHG Procurement Department ensures strategic sourcing process with utmost transparency and accountability.

### Anti-Corruption

#### Training on Anti-corruption Policies and Procedures

Disclosure	Amount	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of directors and management that have received anti-corruption training	100%	%
Percentage of employees that have received anti-corruption training	100%	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

#### Incidents of Corruption

Disclosure	Amount	Units
Number of incidents in which directors were removed or disciplined for corruption	None	#

Number of incidents in which employees were dismissed or disciplined for corruption	None	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

## Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	For TASLI, 9M; For CSC, est.24,000 liters/year.	Liters
Energy consumption (LPG)	2,050** (Tugs/Tanker vessels)	Kg
Energy consumption (diesel)	For 16 SFI vessels, 34,383,200 liters/year For CSC Tankers, 3.67 million including laid-up vessels IFO (VL SFO)-6864MT (Chelsea Providence)	Liters
Energy consumption (electricity)	For TASLI RoPax, 110 Kwh For TASLI Freighters, 40kWH For SFI Ropax, 80kWH For 1 SFFC fastcraft, 30KWH For 1 General Cargo, 40KWH For CSC, 2 tankers with 3 gensets each with 150-200KW capacity. For CSC tugs, 15 tugs with 2 gensets working alternately with capacity of 70kw each	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	For CSC, est. 72,000 liters reduction – with 4 vessels under Time Charter	Liters
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The energy consumption is a major direct cost for the Group.	Shareholders Management Employees	We try to save our resources by implementing the following rules and procedures: Safe and Shortest route of Navigation Close monitoring day to day operation Control of daily Consumption Sounding of Tanks
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Fluctuating energy prices	Shareholders Management Employees	We do not keep inventories of oil and electricity as most of our operations are in the country.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Purchase of Diesel (our major direct cost) from a sister company—Phoenix Petroleum	Shareholders Management Employees	Purchase of diesel from a sister company would help the Company save on costs.

Water consumption within the organization:

Disclosure	Quantity	Units
Water withdrawal	For CSC, est. 40,000m <sup>3</sup> /year for Tankers, 25,000m <sup>3</sup> /year for Tugs	Cubic meters
Water consumption	For TASLI RoPax, 18MT/day; For TASLI Freighters, 6Mtons/ day;	Metric Tons

	For SFI 97meters LOA (2 vessels), 4Mtons/day; per vessel For SFI 67meters LOA (9 vessels) 3Mtons/day; per vessel For 4 assorted LOA, 3 tons/day per vessel For 1 Fast Craft, 2 tons/day For CSC, 45tons/year (including 5 laid-up vessels with 4 crew)	
Water recycled and reused	N/A	Cubic meters

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

Materials used by the organization:

Disclosure	Quantity	Units
Materials used by weight or volume		
<ul style="list-style-type: none"> <li>Renewable</li> </ul>	N/A	Kg/liters
<ul style="list-style-type: none"> <li>Non-renewable</li> </ul>	For TASLI, 9M liters of Diesel Oil and 8.3M liters of IFO for 25,178 nautical miles; For SFI, 34,383,200 liters/ year; all 16 vessels For CSC Tankers, 3.67 million including laid-up vessels. LSFO -6864MT	Liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas shore areas?	N/A	
Habitats protected or restored our shore clean up and tree-planting activities?	2,500	trees planted
IUCN <sup>17</sup> Red List species and national conservation list species with habitats in areas affected by operations	N/A	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

**Environmental impact management**

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO2e

Emissions of ozone-depleting substances (ODS)	For SFI, Freon R-404A (2 newer vessel, 97 meters) - 100kg per vessel For SFI, Freon R-410A (9 vessels, 67 meters) – 80kg per vessel For SFI, 1 older vessel R22 – 50kg For TASLI, Freon R22 - Est. 150 kg/ year; For CSC Tankers, Freon404A, 4.7tons (For all Tankers and Tugs vessels)	Tonnes
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<b>What is the impact and where does it occur? What is the organization’s involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

*Air pollutants*

Disclosure	Quantity	Units
NOx	For Chelsea Providence, compliant using VLSFO Very Low Sulfur Fuel Oil  Domestic Tanker vessels using Automotive Diesel Oil  For SFI, 9.2 g/kWh each vessel /ADO	Kg
Sox	ADO – Est 64  MLS FO – 1.5% Sulfur content	Kg
Persistent organic pollutants (POPs)	N/A	Kg
Volatile organic compounds (VOCs)	N/A	Kg
Hazardous air pollutants (HAPs)	N/A	Kg
Particulate matter (PM)	N/A	Kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

### Solid and Hazardous Wastes

#### Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	For SFI 2 vessels 97meters LOA (estimate 31kg/day) For SFI 9 vessels 67 meters LOA (estimated 20kg/day) For SFI 4 vessels/ assorted LOA (15kgs/day) For SFFC fastcraft (5kgs/day) For CSC estimated 5kg/voyage	Kg
Reusable	N/A	Kg
Recyclable	N/A	Kg
Composted	N/A	Kg
Incinerated	N/A	Kg
Residuals/Landfilled	For CSC, estimated 5kg/voyage	Kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	For CSC, est. 85kg/day for Tankers and Tugs	kg
Total weight of hazardous waste transported	N/A	
Total volume of water discharges	For CSC, 300kg/month	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	For SFI, 2 vessels (97 meters) 4 MTons/day/ vessel For SFI, 9 vessels (67 meters), 3MTons/day/vessel For SFI, 4 assorted shorter LOA, 15 Tons/day/ vessel For 1 Fast craft, 2 MTons/day, some vessels have sewage holding tanks (IACS-classed)	
Percent of wastewater recycled	For CSC Tankers, est. 50 cubic meters, some vessels have sewage-holding tanks (IACS-classed)	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
	n/a	

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

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

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

## Employee Management

### Employee Hiring and Benefits

#### Employee data

Disclosure	Quantity	Units
Total number of employees	2726	
a. Number of female employees	441	#

b. Number of male employees	1489	#
Attrition rate	13.20	rate
Ratio of lowest paid employee against minimum wage	n/a	Ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	16	7
PhilHealth	Y	6	4
Pag-ibig	Y	11	7
Parental leaves	Y	1	0
Vacation leaves	Y	100	100
Sick leaves	Y	50	20
Medical benefits (aside from PhilHealth))	Y	12	13
Housing assistance (aside from Pag-Ibig	Y	0.00	0.00
Retirement fund (aside from SSS)	Y	0	0
Further education support	Y	0	0
Company stock options	Y	14	14
Telecommuting	Y	0	0
Flexible-working Hours	Y	0	0
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<i>Employee benefits are significant and a key to attract and retain talents, it enables the organization to provide a positive work environment. It creates a culture of productive workforce.</i>	Shareholders Employees Government Customers Suppliers	<i>Employee benefits policies and guidelines are reviewed regularly and aligned according to the needs of the people.</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

#### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	4944.60	hours
b. Male employees	6730.90	hours
Average training hours provided to employees		
a. Female employees	11	hours/employee
b. Male employees	3	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Trainings conducted in compliance to DOLE and to improve employee productivity	Shareholders Employees Government Customers Suppliers	<p>As the organization began consolidating services to its subsidiaries, one of the key training needed is for backend support using Google Applications, SAP, and various business applications modules to adopt to the digitalization program of the Company.</p> <p>A regular 8-hr Mandatory Basic Occupational Safety Training is continuously given to employees by the Company Safety Committee and by HR for all employees and new hires.</p> <p>The Company conducts regular New Hire Orientations as well as internal training and familiarization on Data Privacy Law and Safe Spaces Act.</p>

		<p>For functional training for the enhancement of knowledge and application, particularly for shipping, a Ship Management Summit with Strategic Planning incorporated therein was conducted. This has great impact on the day to day operations of vessels as well as on back end support.</p> <p>The Company conducts internal training and its impact is continuously evaluated particularly for functional training.</p> <p>The Company conducts yearly competency-based learning per organizational level. This training is also evaluated for improvement and to know additional training needed.</p>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The risk of employees who underwent training but for one reason or another had to leave the company.	Shareholders Employees Government Customers Suppliers	The Company requires echo training and coaching of staff or colleagues and apart from the reciprocal agreement where the employee will have to stay and fulfil the reciprocal agreement term or its monetary equivalent.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Improved employee performance through training gives higher chances of achievement of company goals, profitability and sustainability. The satisfaction and morale of employees will also improve as training which is an investment of the company for the employee/s shows that they are being valued.	Shareholders Employees Government Customers Suppliers	Training targets the weaknesses of employees. It will then eventually increase productivity and adherence to quality standards.

#### Labor-Management Relations

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Collective bargaining can help build trust and mutual respect between employers, workers and their organizations, and contribute to stable and productive labor relations.	Shareholders  Employees	Townhalls and employee engagements

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Company may endure higher labor cost with demand of benefits and may decrease labor control	Shareholders Employees	The Company maintains its open communication with the employees with different mediums, such as Advisories, quarterly Townhalls, etc., to update the employees of the Company's standing in attaining its goals.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The yearly agreements with the employees can help in improving productivity levels.	Shareholders Employees	Transparent communication with the employees encourages support and cooperation to be able to attain certain targets for the benefit of everyone.

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	12.29	%
Number of consultations conducted with employees concerning employee-related policies	4	#

#### Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	23	%
% of male workers in the workforce	77	%
Number of employees from indigenous communities and/or vulnerable sector*	20 (solo parent)	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
	Employees	The company supports the law about Solo Parent and complies with its regulatory requirement

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	3,273,711 (Tankers and office)	Man-hours
No. of work-related injuries	2* (for Tankers) Employee minor motor accident	2
No. of work-related fatalities	0	0
No. of work-related ill-health	0	0
No. of safety drills	1. Fire and earthquake drill in the office. 2. Company-wide emergency drill involving vessel and office emergency Response Team 3. Vessels monthly drills	1 1 As per drill plan

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Health & Physical Impact Business Impact	Employees Customers Management	Management is involved in safety & health programs and must participate in Safety meetings. Encourage employee to report incidents Regular HSSE Meetings & OSHA Compliance) Enhance Safety & Health training
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

Possible DOLE/ OSHA fine & penalties  Increased unnecessary costs to the organization	Employees Customers Management	Management to promote & support S&H program (regular walk around inspection) Implementation of hazard identification, Risk Assessment & JSA. Create a Safety & Health Program (DOLE)
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Structure improvement to the workplace and working environment  Increased S&H knowledge & awareness  Improve S&H processes, procedures and programs	Employees Customers Management	Management provides a safe workplace for all employees Management support of the training courses and evaluation of effectiveness Implement a Safety & Health Program

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

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Chelsea Group Handbook and Code of Conduct
Child labor	Y	Chelsea Group Handbook and Code of Conduct
Human Rights	Y	Chelsea Group Handbook and Code of Conduct

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

**Supply Chain Management**

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

None. However, we have provided our suppliers with accreditation guidelines, forms and documentary requirements for submission.

Do you consider the following sustainability topics when accrediting suppliers?

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

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

**Relationship with Community**

**Significant Impacts on Local Communities**

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impact on indigenous people (Y/N)?	Collective /individual rights that have been identified that are of particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Disposal of Scraps in Warehouses	CSC	N/A	N	Environmental Conservation	Developing waste management plans, promoting clean and organized warehouse

					for efficient operations, and ensuring safety of employees.
Hiring of Female Crews in Ships (10% of manpower target for 2020)	All subsidiaries	N/A	N	Promoting Women's Rights, Gender Equality and creating new jobs for women in the society especially in the Maritime field.	One of the group's vessels already has an all-female crew, and the Company is looking into expanding this initiative to more ships.
Offering discounted fares, special promos, and group discounts	All subsidiaries	N/A	N	Access to affordable services	Engaging customers and potential customers to avail our services that are affordable compared to other competitors.
PWD, Senior Citizens, and Student Discounts	All subsidiaries	PWDs and Senior Citizens	N	Access to affordable services	Strengthening systems that keep track of PWDs, Seniors, and Students. Promoting good relationship and quality service leading to customer retention.
Cadetship Program	CSC	N/A	N	Employment opportunities for shipping crew	
Tourism Marketing	All subsidiaries, except Worklink	N/A	Y	Promoting local tourism to encourage locals and tourists in travelling	

				Philippines' top destinations by sea.	
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*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	Not applicable	#
CP secured	Not applicable	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable

## Customer Management

### Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction survey? (Y/N)
Customer satisfaction	N/A	For TASLI, all surveys were done in-house through email.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

*Health and Safety*

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	For TASLI, zero complaints on health & safety in 2025.	
No. of complaints addressed	For TASLI, complaint for surcharge was received and replied to.	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Changes in schedules and in budgeted expenses	Employees Customer Shareholders Community	<p>The Company endeavors to continually improve its Safety Management System (SMS) by adopting new processes and procedures and other guidelines for best practices in accordance with International Shipping Standards.</p> <p>The Company is also enhancing its Ship modernization program.</p> <p>The Company also ensures that each ship is manned by only qualified, certificated and medically-fit seafarers in accordance with national and international requirements, the Company has developed procedures to ensure sufficiency of its resources in terms of personnel.</p> <p>Safety procedures, emergency procedures, planned maintenance system, training manual, job description, job safety analysis and</p>

		garbage management have been clearly stipulated in the Company's established system.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Possible customer dissatisfaction  Possible damage to vessel, damage to property and accident continue to occur in our organization despite our identified corrective/preventive actions.	Employees Customer Shareholders Community	All employees of the Company are mandated to strictly adhere to its established system, specifically on its Safety and Environmental Protection Policy.  The Company aims to provide a secure environment for all its employees, contractors and clients, thus Security Policy has been developed whereby all employees and contractors are expected to comply with the set of security measures and all requirements of the law. They shall take all necessary precautions to protect themselves, their colleagues, the ship, cargoes, passengers and the environment from all criminal or malicious acts.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Opportunity to improve our products and services	Employees Customer Shareholders Community	Crew Training Program

#### Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on product or service  health and safety*	Average of 12/month	#
No. of complaints addressed	All complaints are attended to	#

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

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	Not applicable	Not applicable

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

#### Customer Privacy

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

\*Substantiated complaints include complaints from customers that went through the organization's

formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable

#### Data Security



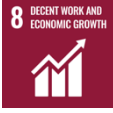





Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	SFI, 1	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SFI-IT	Third Party/Service Provider	

<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
SFI, 2 confirmed agency accounts	Company clients	
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
SFI, stricter rules for 3 <sup>rd</sup> party agents		

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

<b>Key Products and Services</b>	<b>Societal Value / Contribution to UN SDGs</b>	<b>Potential Negative Impact of Contribution</b>	<b>Management Approach to Negative Impact</b>
<b>Tankering Services, Freight, Passenger Transport, Tugboat service &amp; Logistics &amp; Warehousing</b>	       	<p><b>Increased Carbon Imprint, Harmful chemical waste to the environment</b></p> <p><b>Disaster risks, Climate change</b></p> <p><b>Health &amp; Safety risk for the crews and employees</b></p> <p><b>Blood resource depletion, low employee morale, weak social bonds</b></p> <p><b>Work fatigue, Low employee morale, career stagnation</b></p>	<p><b>Ship modernization program</b></p> <p><b>100% migration of servers and digital solutions to Cloud</b></p> <p><b>Optimized routes for vessels to lessen travel time decreasing carbon imprint.</b></p> <p><b>Yearly participation in tree planting in partnership with the LGUs</b></p> <p><b>Health &amp; Safety guidelines, seminars, Annual Physical Exam, PPEs, and hazard pay for crew and employees</b></p> <p><b>Participation in humanitarian initiatives like blood donation and calamity donation drives</b></p> <p><b>Knowledge Sharing Program, Learning and Development Program Women Empowerment Campaign, Partnership</b></p>

		<p>Cyber Security Risk, Digital and Knowledge Gap</p>	<p>with Public and Private Institutions to uphold employee wellness and social/ environmental accountability</p> <p>Creation of Information Security Committee and Cyber Security Training Program for employees.</p>
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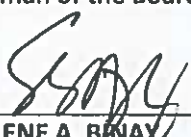
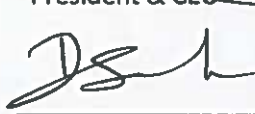
*None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

**SIGNATURES**

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in TAGUIG CITY on APRIL 14, 2026.

**CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.**


Pursuant to the requirement of the Securities Regulations Code, this Annual Report has been signed by the following persons in their capacities and on the dates indicated.

By:  APR 14 2026  APR 14 2026  
**DENNIS A. UY** Date **CHRYSS ALFONSUS V. DAMUY** Date  
 Chairman of the Board President & CEO  
 APR 14 2026  APR 14 2026  
**DARLENE A. BINAY** Date **MA. HENEDINA V. SAN JUAN** Date  
 Chief Financial Officer Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 14 2026 April 2026 at TAGUIG CITY, affiants exhibiting to me their identifications, as follows:

NAME	ID NO.	DATE OF ISSUE	PLACE OF ISSUE
DENNIS A. UY	PL# 406-90-025357	valid until 26 Sept. 2034	
CHRYSS ALFONSUS V. DAMUY	DL# K02-99-079309	valid until 26 Sept. 2034	
DARLENE A. BINAY	Passport # P94076844	valid until 04 Nov 2026	DFA Manila
MA. HENEDINA V. SAN JUAN	DL# N06-84-035706	valid until 1 Sept. 2032	

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 Series of 2026

  
**ATTY. BRENDA C. GARCIA**  
 Notary Public City of Taguig  
 Until 31 December 2026  
 RP O.R. No. INV584820/1-3-2026/Makati City  
 No. A-6736209 on Nov. 27, 2025 at Taguig City  
 Appointment No. 125(2025-2026)  
 JCLE Compliance No. VIII-0009332 APRIL 14, 2028  
 BGC, Taguig City  
 Roll No. 39443