

COVER SHEET

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S.E.C. Registration Number

C H E L S E A L O G I S T I C S A N D
I N F R A S T R U C T U R E H O L D I N G S
C O R P . A N D S U B S I D I A R I E S

(Company's Full Name)

S T E L L A H I Z O N R E Y E S R O A D , B O .
P A M P A N G A , D A V A O C I T Y

( Business Address : No. Street City / Town / Province )

MA. HENEDINA V. SAN JUAN

Contact Person

+63 82 224 5373

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - Q

FORMTYPE

Secondary License Type, If Applicable

N / A

0 4

Month Day

Annual Meeting

S E C

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

36

Total No. of Stockholders

Total Amount of Borrowings

13,783,197,296

Domestic

3,247,699,130

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

## SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **31 March 2026**
2. Commission identification number **CS201619734**
3. BIR Tax Identification No **009-393-167-000**
4. Exact name of issuer as specified in its charter **CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.**
5. Province, country or other jurisdiction of incorporation or organization **Davao City, Philippines**
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office Postal Code  
**Stella Hizon Reyes Road, Bo. Pampanga, Davao City, Philippines 8000**
8. Issuer's telephone number, including area code **+63 82 224 5373**
9. Former name, former address and former fiscal year, if changed since last report  
**N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares outstanding
<b><u>COMMON</u></b>	<b><u>2,274,768,615</u></b>

Amount of debt outstanding: **PHP17,030,896,426.00**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [] No [] ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**PHILIPPINE STOCK EXCHANGE**                      **COMMON SHARES**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 the registrant was required to file such reports)

Yes [] No [] ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [] No [] ]

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

Interim Condensed Consolidated Statements Of Financial Position  
March 31, 2026 and December 31, 2025  
(All amounts in Philippine Peso)

	Notes	March 31, 2026 (unaudited)	December 31, 2025 (audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	272,819,671	303,488,595
Trade and other receivables - net	3	1,236,691,449	1,026,179,770
Inventories	4	406,802,599	490,626,759
Advances to related parties	17	7,438,423,012	7,435,485,358
Other current assets	5	2,523,939,896	2,100,163,187
<b>Total current assets</b>		<b>11,878,676,627</b>	<b>11,355,943,669</b>
<b>Non-current assets</b>			
Investment property	6	95,111,170	95,111,170
Property and equipment, net	7	18,229,570,781	18,526,042,537
Goodwill	21	1,774,083,332	1,774,083,332
Retirement benefit asset	14	2,085,771	2,085,771
Deferred tax assets, net	16	86,710,163	86,710,163
Other non-current assets, net	9	551,397,975	283,202,361
<b>Total non-current assets</b>		<b>20,738,959,192</b>	<b>20,767,235,334</b>
<b>Total assets</b>		<b>32,617,635,819</b>	<b>32,123,179,003</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Trade and other payables	11	9,996,874,058	9,164,508,186
Loan and borrowings, current portion	10	2,117,072,090	2,172,884,409
Advances from related parties	17	272,000,000	289,000,000
Advances from customers	28.1	315,523,435	354,874,908
Income tax payable		18,753,867	50,611,310
<b>Total current liabilities</b>		<b>12,720,223,450</b>	<b>12,031,878,813</b>
<b>Non-current liabilities</b>			
Loan and borrowings, net of current portion	10	14,913,824,336	14,929,664,556
Retirement benefit obligation, net	14	374,712,607	374,712,607
Deferred tax liabilities, net	16	606,249,503	608,133,750
Other non-current liabilities		4,307,877	4,307,877
<b>Total non-current liabilities</b>		<b>15,899,094,323</b>	<b>15,916,818,790</b>
<b>Total liabilities</b>		<b>28,619,317,773</b>	<b>27,948,697,603</b>
<b>Equity</b>			
Equity 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	58,954,117
Revaluation reserves	18	1,456,799,389	1,486,780,231
Other reserves	18	(1,058,033,280)	(1,058,033,280)
Deficit	18	(9,987,747,952)	(9,841,565,440)
		<b>3,818,318,046</b>	<b>3,994,481,400</b>
Non-controlling interest	18	180,000,000	180,000,000
<b>Total equity</b>		<b>3,998,318,046</b>	<b>4,174,481,400</b>
<b>Total liabilities and equity</b>		<b>32,617,635,819</b>	<b>32,123,179,003</b>

The notes on pages 1 to 60 are integral part of these interim condensed consolidated financial statements

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

(A Subsidiary of Udenna Corporation)

Unaudited Consolidated Statements of Total Comprehensive Income

For the three months ended March 31, 2026 and 2025

(All amounts in Philippine Peso)

	<b>Notes</b>	<b>2026</b>	<b>2025 (restated)</b>
Revenues	22	2,258,197,048	2,099,835,549
Cost of sales and services	12	1,821,007,070	1,703,008,290
Gross income		437,189,978	396,827,259
Other operating expenses	13	226,386,480	222,861,778
Operating income		210,803,498	173,965,481
Other income (expenses), net			
Finance costs	15	(413,355,089)	(228,940,889)
Finance income	15	695,477	28,082
Other income	15	34,515,954	14,304,270
		(378,143,658)	(214,608,537)
<b>Income (loss) before tax</b>		<b>(167,340,160)</b>	<b>(40,643,056)</b>
Income tax expenses	16	3,170,452	1,362
<b>Income (loss) for the year</b>		<b>(170,510,612)</b>	<b>(40,644,418)</b>
<b>Other comprehensive income (loss) for the year</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of vessels		(7,536,990)	-
Income tax benefit		1,884,248	-
<b>Other comprehensive income (loss) for the year, net</b>		<b>(5,652,743)</b>	<b>-</b>
<b>Total comprehensive income (loss) for the year</b>		<b>(176,163,355)</b>	<b>(40,644,418)</b>
<b>Earnings (loss) per share</b>			
Basic and diluted		(0.080)	(0.019)

The notes on pages 1 to 60 are integral part of these interim condensed consolidated financial statements

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

Interim Condensed Consolidated Statement of Changes in Equity  
For the three months ended March 31, 2026 and 2025  
(All Amounts in Philippine Pesos)  
(Unaudited)

	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 at January 1, 2025</b>	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
Comprehensive income:									
Income for the year	-	-	-	-	-	(40,644,418)	(40,644,418)	-	(40,644,418)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(40,644,418)	(40,644,418)	-	(40,644,418)
Transfer of revaluation reserves through depreciation, net of tax	-	-	-	(17,079,181)	-	17,079,181	-	-	-
<b>Balance at March 31, 2025</b>	2,144,018,615	11,204,327,157	54,900,701	1,832,506,702	(1,058,033,280)	(10,137,609,123)	4,040,110,772	180,000,000	4,220,110,772
<b>Balance at January 1, 2026</b>	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
Additions during the year									
Comprehensive income:									
Income for the year	-	-	-	-	-	(170,510,612)	(170,510,612)	-	(170,510,612)
Other comprehensive income for the year	-	-	-	(5,652,743)	-	(5,652,743)	(5,652,743)	-	(5,652,743)
Total comprehensive income for the year	-	-	-	(5,652,743)	-	(170,510,612)	(176,163,355)	-	(176,163,355)
Transfer of revaluation reserves through depreciation, net of tax	-	-	-	(24,328,100)	-	24,328,100	-	-	-
<b>Balance at March 31, 2026</b>	2,144,018,615	11,204,327,157	58,954,117	1,456,799,389	(1,058,033,280)	(9,987,747,952)	3,818,318,046	180,000,000	3,998,318,046

The notes on pages 1 to 60 are integral part of these interim condensed consolidated financial statements

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

Interim Condensed Consolidated Statement of Cash Flows  
For the three months ended March 31, 2026 and 2025  
(All Amounts in Philippine Pesos)  
(Unaudited)

	Notes	2026	2025
<b>Cash flows from operating activities</b>			
Income (loss) before tax		(167,340,160)	(40,643,056)
Adjustments for:			
Depreciation and amortization	7,9	405,351,119	464,237,561
Interest expense	15	292,851,856	215,743,582
Interest income	15	(695,477)	(28,082)
Unrealized foreign currency exchange losses - net	17	105,763,926	12,546,896
Gain on sale of property and equipment	17	2,168,041	
Operating profit before working capital changes		638,099,305	651,856,901
Decrease (increase) in trade and other receivables		(209,948,821)	(59,919,540)
Decrease in inventories		83,824,160	5,153,951
Decrease (increase) in advances to related parties		(2,937,654)	(24,723,290)
Increase in other current assets		(458,803,408)	(321,872,984)
Increase (decrease) in trade and other payables		757,759,973	275,441,319
Increase in advances from customers		(56,351,473)	(15,270,266)
Cash generated from operations		751,642,082	510,666,091
Interest received		695,478	28,082
Cash paid for income taxes		(1,195)	(1,362)
Net Cash From Operating Activities		752,336,365	510,692,811
<b>Cash flows from an investing activity</b>			
Acquisitions of property and equipment	7	(120,666,847)	(42,910,191)
Proceeds from disposal of property and equipment	9	3,125,000	-
Decrease (increase) in other non-current assets		(269,238,161)	(63,467,091)
Net Cash From (Used in) Investing Activities		(386,780,008)	(106,377,282)
<b>Cash flows from financing activities</b>			
Repayments of interest-bearing loans and borrowings	10	(272,698,827)	(258,741,304)
Interest paid		(173,526,454)	(187,967,840)
Proceeds from interest-bearing loans and borrowings	12	50,000,000	50,000,000
Net Cash From (Used In) Financing Activities		(396,225,281)	(396,709,144)
Net increase(decrease) in cash and cash equivalents		(30,668,924)	7,606,385
Cash and cash equivalents at beginning of year		303,488,595	317,837,548
<b>Cash and cash equivalents at end of year</b>		<b>272,819,671</b>	<b>325,443,933</b>

The notes on pages 1 to 60 are integral part of these interim condensed consolidated financial statements

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

(A subsidiary of Udenna Corporation)

Notes to the Consolidated Financial Statements

As at March 31, 2026 and December 31, 2025 and for the three months ended  
March 31, 2026 and 2025

(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 March 31, 2026 and December 31, 2025, 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 March 31, 2026 and December 31, 2025 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	
		2026	2025
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%
Quality Metals & Shipworks, Inc. (QMSI) <sup>3</sup>	p	100%	100%
Oceanstar Shipping, Inc. (Oceanstar) <sup>3</sup>	q	100%	100%
Dynamic Cuisine, Inc. (DCI) <sup>3</sup>	r	100%	100%
Starsy Shoppe, Inc. (SSI) <sup>3</sup>	s	100%	100%
Star Maritima Port and Allied Services (Star Maritima) <sup>3</sup>	t	100%	100%
Starbites Food Services Corp. (Starbites) <sup>4</sup>	u	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. <sup>4</sup> (Precision) <sup>4</sup>	x	100%	100%
Big Hub Transport and Logistics Corp. (Big Hub) <sup>3</sup>	v	100%	100%
Chelsea Business Solutions Corp.(CBSC) <sup>4</sup>	y	100%	100%
KGLI-NM Holdings, Inc. (KGLI-NM) <sup>5</sup>	w	100%	100%

<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

Except for UIBV, which was organized and incorporated in the Netherlands, all the subsidiaries 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 or 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.

- i. 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 on November 28, 2007 and is engaged in machining and mechanical works on ship machineries and industrial plants.
- q. 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.
- r. 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.
- s. 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.
- t. Incorporated on October 11, 2018 and is primarily engaged in arrastre services. As at March 31, 2026, Star Maritima has not yet started commercial operations.
- u. 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.
- v. 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.
- w. Organized under Philippines laws and registered with SEC on August 8, 2008 as an investment holding company

- x. 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.
- y. 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.

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 unaudited interim condensed consolidated financial statements of the Group as at March 31, 2026 and December 31, 2025 and for the three months ended March 31, 2026 and 2025 were authorized and approved for issuance by the Parent Company's Board of Directors (BOD) on May 12, 2026.

## 2 Cash and cash equivalents

Cash and cash equivalents account consists of the following:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash on hand	70,236,705	112,770,764
Cash in banks	188,206,820	176,341,685
Cash equivalents	14,376,146	14,376,146
	272,819,671	303,488,595

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.

## 3 Trade and other receivables, net

The details of this account follow:

	Notes	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Trade receivables			
Third parties		1,580,954,787	1,385,279,328
Related parties	17.1	55,471,143	55,471,143
Allowance for expected credit loss (ECL) on receivables		(739,614,747)	(739,614,747)
Trade receivables, net		896,811,183	701,135,724
Due from agencies		112,538,849	128,720,154
Demurrage receivable		62,700,000	62,700,000
Non-trade receivables	17.4	56,874,967	56,874,967
Advances to officers and employees		26,797,047	19,466,278
Claims receivables		4,827,488	8,352,792
Others		76,141,915	48,929,855
		1,236,691,449	1,026,179,770

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 March 31, 2026 and December 31, 2025. For other receivables, management assessed that the balance as at March 31, 2026 and December 31, 2025 are collectible in full.

*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 consist of:

	Note	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Spare parts		204,483,244	225,779,182
Fuel and lubricants	17.2	115,960,678	186,649,062
Shipping supplies		63,436,654	58,731,133
Food, beverage and other supplies		22,922,023	19,467,382
		406,802,599	490,626,759

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 March 31, 2026 and December 31, 2025, there are no inventories pledged as security for any of the Group's liabilities.

No provision for inventory losses has been recognized for the periods ended March 31, 2026 and December 31, 2025.

*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 March 31, 2026 and December 31, 2025, management assessed that the net realizable value of inventories is higher than cost.

## 5 Other current assets

Other current assets consist of:

	Notes	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Input value added taxes (VAT), current portion		748,439,976	673,213,598
Creditable withholding taxes		565,509,421	561,956,349
Advance to suppliers		867,713,224	533,460,128
Prepayments		230,778,916	220,524,753
Restricted cash, current portion	2, 10	111,498,359	111,008,359
		<u>2,523,939,896</u>	<u>2,100,163,187</u>

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 March 31, 2026 includes deferred input VAT on services rendered to the Group that remains unpaid amounting to P264,520,302 (2025 - P269,870,620).

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 March 31, 2026 and December 31, 2025 amounted to P95,111,170. The same property of the Group 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 March 31, 2026 and December 31, 2025 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, 2025	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
Additions	-	-	-	2,464,782	1,522,061	-	116,680,004	120,666,847
Disposals/write-off	-	(12,000,000)	-	-	-	-	-	(12,000,000)
Revaluation decrement	-	(13,300,571)	-	-	-	-	-	(13,300,571)
Reclassifications	-	69,762,681	-	-	-	-	(69,762,681)	-
March 31, 2026	213,761,703	25,445,901,325	169,175,926	263,350,848	208,446,364	6,098,694,289	418,024,270	32,817,354,725
<b>Accumulated depreciation and amortization</b>								
January 1, 2025	-	(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)
Disposals/write-off	-	6,706,959	-	-	-	-	-	6,706,959
Revaluation decrement	-	5,763,581	-	-	-	-	-	5,763,581
Depreciation and amortization	-	(324,533,755)	(1,989,994)	(5,436,199)	(4,873,519)	(67,475,105)	-	(404,308,572)
March 31, 2026	-	(12,032,426,843)	(136,434,437)	(139,876,978)	(190,035,479)	(1,206,765,135)	-	(13,705,538,872)
<b>Accumulated impairment loss</b>								
January 1, 2025	-	(804,259,099)	-	-	-	-	-	(804,259,099)
Impairment loss	-	(77,985,973)	-	-	-	-	-	(77,985,973)
December 31, 2025	-	(882,245,072)	-	-	-	-	-	(882,245,072)
March 31, 2026	-	(882,245,072)	-	-	-	-	-	(882,245,072)
<b>Net book values</b>								
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
March 31, 2026	213,761,703	12,531,229,410	32,741,489	123,473,870	18,410,885	4,891,929,154	418,024,270	18,229,570,781

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.

Certain vessels of the Group with a total net carrying amount of P11,017.3 million as at March 31, 2026 (2025 - P11,107.2 million), were used to secure the payment of certain loans and borrowings (Note 10). There were no capitalized borrowing costs in 2026 and 2025.

*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.

*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 March 31, 2026 and December 31, 2025, 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 2026 and 2025, 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**

### **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.

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.

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 March 31, 2026 and December 31, 2025, 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	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Advances to suppliers	20.4	376,739,344	142,247,386
Input VAT, net of current portion		101,834,185	101,880,823
Security deposits	17.3	55,358,104	20,565,263
Software, net of amortization		17,466,342	18,508,889
Restricted cash, net of current portion	2	-	-
		551,397,975	283,202,361

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 March 31, 2026 and December 31, 2025.

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

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 consist of:

	Notes	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
<b>Current</b>			
Term loans	10.1	1,029,698,736	999,224,835
Bank loans	10.2	614,867,904	596,589,219
Mortgage loans	10.3	55,774,912	61,004,760
Lease liabilities	10.4	416,730,538	516,065,595
		<b>2,117,072,090</b>	<b>2,172,884,409</b>
<b>Non-current</b>			
Term loans	10.1	10,382,499,042	10,435,794,543
Bank loans	10.2	294,181,276	306,794,543
Mortgage loans	10.3	42,335,386	49,418,719
Lease liabilities	10.4	4,194,808,632	4,137,656,751
		<b>14,913,824,336</b>	<b>14,929,664,556</b>
		<b>17,030,896,426</b>	<b>17,102,548,965</b>

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.

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 at January 1, 2025	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 - I)	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
Cash flows from financing activities:					
Additions	-	50,000,000	-	-	50,000,000
Repayments	(67,541,104)	(44,334,582)	(12,313,181)	(148,509,961)	(272,698,827)
	(67,541,104)	5,665,418	(12,313,181)	(148,509,961)	(222,698,827)
Non-cash financing activities:					
Additions	4,074,105	-	-	-	4,074,105
Amortization of discount	40,645,399	-	-	-	40,645,399
Foreign currency exchange revaluation	-	-	-	106,326,785	106,326,785
	44,719,503	-	-	106,326,785	151,046,288
Balance at March 31, 2026	11,412,197,778	909,049,180	98,110,298	4,611,539,170	17,030,896,426

The reclassification for the year ended December 31, 2025 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 are as follows:

	Notes	Security	Terms	Interest rates	Outstanding balance	
					March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
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%	1,731,602,591	1,737,248,009
Land Bank of the Philippines (LBP)	k	MT Chelsea Intrepid, MT BMI Patricia	8 years	5.00%	1,083,654,964	1,083,654,964
Philippine Business Bank (PBB)	c.2	MV Eagle, MV Archer, MV Saturn	8 years	3.00% - 7.00%	805,106,518	805,106,518
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%	621,863,908	617,789,804
DBP	f.3	Trans-Asia 16, 17 and 18	15 years	5.00%	545,684,033	545,684,033
PBB	c.4	Corporate/Continuing Suretyship, MV Salve Regina	8 years	3.00% - 7.00%	455,400,000	455,400,000
DBP	f.1	Corporate/Continuing Suretyship	15 years	5.00%	411,209,590	411,209,590
PBB	c.1	MT Chelsea Dominance, MT Chelsea Endurance	8 years	3.00% - 7.00%	433,944,576	433,944,576
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%	311,666,667	332,916,667
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	411,373,982
BDO Unibank, Inc. (BDO)	a	REM, Continuing suretyship	6 years	6.50%	231,724,278	260,689,813
PBB	c.3	MV Stella Del Mar	8 years	3.00% - 7.00%	306,130,128	306,130,128
DBP	f.5	Corporate/Continuing Suretyship MV St. Camael and MV St. Sariel	15 years	5.00%	265,576,611	273,078,775
Mega International Commercial Bank Co. (MICBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	240,075,000	240,075,000
Robinsons Bank Corporation (RBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	240,075,000	240,075,000
CTBC Bank (Phils) Inc. (CTBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	240,075,000	240,075,000
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%	196,515,000	197,277,295
Union Bank of the Philippines (UB)	i	Continuing Suretyship	9 years	3.00%	197,010,000	197,010,000
First Commercial Bank, Ltd. (FCB)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	160,050,000	160,050,000
Rizal Commercial Banking Corp.	g	Starlite Sprint I	7 years	9.50%	91,964,977	94,584,977
PBB	c.5	Pledge of shares of stocks	8 years	11.00%	-	-
AUB	d.1	MTug Fortis IX, MTug Fortis X	7 years	8.02%	1,062,987	1,062,987
AUB	d.1	MTug Fortis III, MTug Fortis V and MTug Fortis VII, Assignment of receivables,	7 years	8.11%	-	-
					11,761,375,439	11,823,779,453
					(348,114,674)	(388,760,073)
					11,413,260,765	11,435,019,380

**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 P386.3 million as at March 31, 2026 (2025 - and P405.1 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 March 31, 2026 and December 31, 2025 (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 P1,147.7 million as at March 31, 2026 (2025 - P1,157.3 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 March 31, 2026 (2025 - P194.2.1 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 P758.3 million as at March 31, 2026 (2025 – P791.0 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 March 31, 2026 and 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 P672.0 million as at March 31, 2026 (2025 – P677.7 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 P1,333.6 million as at March 31, 2026 (2025 - P1,310.2 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 an 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 P505.4 million as at March 31, 2026 (2025 - P478.9 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 P725.5 million as at March 31, 2026 (2025 - P729.6 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.

### **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 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. The loan was fully settled as at December 31, 2025.

Certain trade receivables amounting to P19.8 million as of December 31, 2025 were assigned to secure the payment of these interest-bearing loans (Note 3). Moreover, certain tugboats of FTC with net carrying amounts of P95.6 million as at March 31, 2026 (2025 – P98.9 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 P196.7 million as at March 31, 2026 (2025 – P198.9 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 March 31, 2026 and December 31, 2025.

A corporate suretyship by the Parent Company and certain vessels of Starlite with net carrying amounts of P703.4 million as at March 31, 2026 (2025 - P718.2 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 P179.6 million as at March 31, 2026 (2025 - P180.4 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 March 31, 2026 and December 31, 2025.

### *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 P986.8 million as at March 31, 2026 (2025 – P1,014.3 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 P2,859.6 million as at March 31, 2026 (2025 – P2,862.6 million) was used as collateral to secure the payment of these loans (Note 7). Certain trade receivables amounting to P9.6 million as at March 31, 2026 (2025 - P22.1 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. Sariel 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 P330.5 million as at March 31, 2026 (2025 - P336.2 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 P124.1 million as at March 31, 2026 (2025 - P128.8 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 P29.6 million as at March 31, 2026 (2025 – 30.3 million) was used as a collateral to secure the payment of this loan (Note 7).

#### I. 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:

				Outstanding balance	
				March 31, 2026	December 31, 2025
				(Unaudited)	(Audited)
	Security	Terms	Interest rates		
Landbank of the Philippines	MT Chelsea Intrepid MT BMI Patricia Assignment of receivables Continuing suretyship	90 days	3.00 to 6.75%	21,760,600	22,660,600
Primary Institutional Leaders	MV TA21 and Pledge of shares	30 to 180 days	1.00 to 10.00%	677,288,580	660,723,162
PBB	Unsecured	180 days	7.50%	210,000,000	220,000,000
				909,049,180	903,383,762

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 P29.6 million as at March 31, 2026 (2025 – P30.3 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	
				March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
BDO	Trans-Asia 1, 8, 10 CY3 REM, Continuing suretyship	10 years	6.50%	97,854,491	110,086,304
Toyota Financials	Chattel mortgage on transportation equipment	3 years	10.07%	-	-
Eastwest	Chattel mortgage on transportation equipment	3 years	9.71%	255,807	337,175
				98,110,298	110,423,479

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 periods.

These loans do not contain any financial covenants. These loans are secured by certain properties and transportation equipment with total carrying amount of P110.1 million as at March 31, 2025 (2025 - P116.4 million) (Note 7).

### 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 March 31, 2026 and December 31, 2025.

	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
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	-	-

As at March 31, 2026 and December 31, 2025, the Group had not committed to any leases, which had not commenced.

#### 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 periods ended March 31, 2026 and December 31, 2025 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 March 31, 2026 and December 31, 2025:

	Notes	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash	2	272,819,671	303,488,595
Advances from related parties	17	(272,000,000)	(289,000,000)
Loans and borrowings	10	(17,030,896,426)	(17,090,882,311)
Net debt		(17,030,076,755)	(17,076,393,716)

## 11 Trade and other payables

Trade and other payables as at December 31 consist of:

	Notes	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Trade payables			
Third parties		3,680,015,892	3,052,006,465
Related parties	6, 17.2	2,758,514,721	2,707,034,703
Accrued expenses	10.3, 17.2	1,145,416,048	1,088,862,382
Subscription payable	8.1	781,249,998	781,249,998
Deferred output VAT		448,603,314	450,257,773
Non-trade payables	17.6	500,000,000	500,000,000
Government-related obligations		234,588,989	222,638,503
Output VAT payable		339,569,411	268,903,980
Deferred income		13,605,777	7,987,596
Provisions	20.3	26,955,942	26,955,942
Others		68,353,966	58,610,844
		9,996,874,058	9,164,508,186

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

As at December 31, 2025, 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.

Subscription payable pertains to the amount of subscribed shares on the Group's investment in an associate/FVOCI that remains unpaid as of March 31, 2026 and December 31, 2025 (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 three months ended March 31, 2026 and 2025 are shown below.

	Notes	2026	2025
Bunkering	4, 17.2	751,357,000	684,469,840
Depreciation and amortization	7	392,689,665	452,205,483
Salaries and employee benefits		164,183,190	147,285,941
Repairs and maintenance	4	118,285,160	73,239,079
Handling costs		78,166,177	47,337,599
Outside services		72,164,341	84,670,300
Insurance		46,499,043	50,874,868
Supplies		43,456,118	26,938,434
Cost of inventories sold		31,989,308	38,595,522
Port expenses		30,772,098	22,944,943
Rentals	17.3	21,363,310	12,756,140
Charter hire fees		21,041,307	10,445,442
Taxes and licenses		14,783,456	8,428,217
Utilities and communication		9,338,642	13,274,780
Transportation and travel		7,813,950	5,508,872
Representation and entertainment		867,521	203,507
Commission		863,874	8,123,677
Miscellaneous		15,372,910	15,705,646
		1,821,007,070	1,703,008,290

## 13 Operating expenses

The details of operating expenses for each of the three months ended March 31, 2026 and 2025 are shown below.

	Notes	2026	2025
Salaries and employee benefits		116,468,255	107,802,112
Outside services		21,309,865	20,355,162
Rentals		14,850,327	14,753,617
Depreciation and amortization	7,9	12,661,454	12,032,078
Taxes and licenses		9,161,751	12,317,457
Transportation and travel		9,053,241	7,347,000
Dues and subscriptions		5,300,722	20,065,502
Utilities and communication		4,931,675	6,703,288
Supplies	4	3,454,694	3,684,462
Repairs and maintenance	4	3,100,073	2,636,960
Professional fees		2,900,807	2,591,181
Representation and entertainment		2,770,235	2,142,735
Advertising and promotions		2,354,469	2,004,888
Insurance		328,856	474,600
Miscellaneous		17,740,056	7,950,736
		226,386,480	222,861,778

## **14 Salaries and employee benefits**

### **14.1 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.

#### *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 March 31, 2026 and December 31, 2025 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.

### Retirement benefit obligation

The amounts of retirement benefit obligation recognized in the consolidated statements of financial position are determined as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Present value of the obligation	424,563,859	424,563,859
Fair value of plan assets	(49,851,252)	(49,851,252)
	374,712,607	374,712,607

### 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.

## 15 Other (expenses) income, net

### 15.1 Finance costs

The details of finance costs for each of the three months ended March 31 are shown below:

	Note	2026	2025
Interest expense	10	292,851,856	215,866,812
Foreign currency exchange losses		119,869,757	12,546,896
Bank charges		633,476	527,181
		413,355,089	228,940,889

### 15.2 Finance income

Finance income pertains to interest income from cash in banks amounting to P695,477 for the three months ended March 31, 2026 (2025 – P28,082) (Note 2).

### 15.3 Other gain (loss), net

Other income 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 three months ended March 31, 2026 and 2025 are shown below:

	2026	2025
<i>Recognized in profit or loss:</i>		
Regular corporate income tax at 25%	3,169,257	
Minimum corporate income tax (MCIT) at 1%		
Final tax at 20% and 7.5%	1,195	1,362
	<u>3,170,452</u>	<u>1,362</u>
<i>Recognized in other comprehensive income —</i>		
Deferred tax benefit (income)	1,884,248	-

The net deferred tax assets of the Parent Company and certain subsidiaries pertain to the following:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Retirement benefit obligation	56,748,625	56,748,625
Impairment losses on trade and other receivables	22,247,111	22,247,111
Share-based compensation	8,705,408	8,705,408
Unrealized foreign exchange loss	7,598,054	7,598,054
Leases	229,821	229,821
Revaluation reserves on property and equipment	(3,946,194)	(3,946,194)
Discount on debt modification	(6,087,881)	(6,087,881)
MCIT	-	-
Impairment losses on property and equipment	-	-
Others	1,215,219	1,215,219
	<u>86,710,163</u>	<u>86,710,163</u>

### *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.

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 March 31, 2026 and December 31, 2025 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
<b>NOLCO:</b>						
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	
<b>MCIT:</b>						
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	

The net deferred tax liabilities of certain subsidiaries as at December 31 are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Revaluation reserves on property and equipment	(566,502,690)	(568,386,937)
Gain on debt modification	(159,799,055)	(159,799,055)
Impairment losses on trade and other receivables	136,865,227	136,865,227
Leases	(78,769,727)	(78,769,727)
Capitalized borrowing costs	(28,829,703)	(28,829,703)
Impairment losses on property and equipment	37,331,653	37,331,653
Provisions	6,676,795	6,676,795
Retirement benefit obligation	13,662,209	13,662,209
Unamortized foreign exchange gain	30,954,222	30,954,222
Share-based compensation	2,161,566	2,161,566
Others	-	-
	(606,249,503)	(608,133,750)

### 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 three months ended March 31, 2026 and 2025 and the related outstanding balances as at March 31, 2026 and December 31, 2025 is presented below:

	Notes	Amount of transactions		Due from (due to)	
		2026	2025	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Ultimate Parent Company:					
Cash advances granted	17.4	-	-	7,105,724,937	7,105,724,937
Related parties under common control:					
Chartering of services Rendered	17.1	-	-	55,471,143	55,471,143
Fuel purchases	17.2	49,711,777	65,965,321	(2,597,513,314)	(2,553,342,058)
Acquisition of CSC's shares	17.6	-	-	(500,000,000)	(500,000,000)
Rental expense	17.3	7,011,629	549,836	(161,001,407)	(153,692,645)
Cash advances granted	17.4	-	-	86,000,000	86,000,000
Cash advance obtained	17.4	17,000,000	-	(272,000,000)	(289,000,000)
Stockholders:					
Cash advances granted	17.4	2,937,654	24,723,290	246,698,075	243,760,421

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 March 31, 2026 and December 31, 2025 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 March 31, 2026 and December 31, 2025 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). 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 March 31, 2026 and December 31, 2025 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 March 31, 2026 and December 31, 2025, 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 are as follows:

	Ultimate parent company	Associate	Related parties under common control	Shareholders	Total
March 31, 2026					
Balance at beginning of period	7,105,724,937	-	86,000,000	243,760,421	7,435,485,358
Advances	-	-	-	2,937,654	2,937,654
Balance at end of period	7,105,724,937	-	86,000,000	246,698,075	7,438,423,012
December 31, 2025					
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

Based on management's assessment, no impairment loss is recognized in 2026 and 2025 related to the advances granted to related parties (Note 23.2).

The movements in the advances from related parties are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of year	289,000,000	504,000,000
Cash flow from financing activities		
Repayments	17,000,000	-
Non-cash transaction		
Offset against advances from a related party	-	(215,000,000)
Balance at end of year	272,000,000	289,000,000

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. As of March 31, 2026 and December 31, 2025, 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 March 31, 2026 and December 31, 2025, 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 three months ended March 31, 2026 and 2025 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.

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 consists of:

	Shares		Amounts	
	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
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	-	-	-	-
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, 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 March 31, 2026 and December 31, 2025, the Parent Company's listed shares closed at P0.79 per share and P0.96 per share, respectively.

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 March 31, 2026 and December 31, 2025 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 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, 2026	1,385,300,150	99,680,736	1,799,345	1,486,780,231
Revaluation decrement (Note 7)	(7,536,990)	-	-	(7,536,990)
Other comprehensive income	(7,536,990)	-	-	(7,536,990)
Income tax expense	1,884,248	-	-	1,884,248
Other comprehensive income after tax	(5,652,743)	-	-	(5,652,743)
Transfer to retained earnings				
Depreciation of revalued vessels	(24,328,100)	-	-	(24,328,100)
Balance at March 31, 2026	1,355,319,308	99,680,736	1,799,345	1,456,799,389
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	(222,345,372)	-	-	(222,345,372)
Balance at December 31, 2025	1,385,300,150	99,680,736	1,799,345	1,486,780,231

### 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 March 31, 2026 and December 31, 2025 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 IOD. 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 March 31, 2026 and December 31, 2025, 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 March 31, 2026 and December 31, 2025.

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 data 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 2026 and 2025.

**19 Loss per share**

Basic and diluted loss per share attributable to the Parent Company's shareholders are computed as follows:

	2026	2025
Net loss	(170,510,612)	(40,644,418)
Divided by weighted average shares outstanding	2,144,018,615	2,144,018,615
	(0.080)	(0.019)

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 March 31, 2026 and December 31, 2025. There were no outstanding convertible preferred shares and bonds or other stock equivalents as at March 31, 2026 and December 31, 2025, 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. These are presented as part of charter fees under revenues in the consolidated statements of total comprehensive income (Note 22.5).

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 2026 and 2025.

## **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:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
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:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
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 2026 and 2025, 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.

### *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.

## **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 2026 and 2025.

## 22.4 Analysis of segment information

The tables below present revenue and profit information regarding business segments for three months ended March 31, 2026 and 2025 and assets and liabilities information regarding segments as at March 31, 2026 and December 31, 2025.

	Investing and other activities	Tankering	Tugboats	Roll-on/roll-off passenger	Distribution and warehousing	Ship management and crewing	Total
<b>March 31, 2026</b>							
<b>Segment results</b>							
Sales to external customers	-	192,402,845	103,847,925	1,754,714,430	207,231,848	-	2,258,197,048
Intersegment sales	87,537,000	-	12,067,956	89,286	-	137,863,008	237,557,250
<b>Total revenues</b>	<b>87,537,000</b>	<b>192,402,845</b>	<b>115,915,881</b>	<b>1,754,803,716</b>	<b>207,231,848</b>	<b>137,863,008</b>	<b>2,495,754,298</b>
<b>Cost of sales and services</b>							
Operating expenses	46,567,611	17,251,045	8,784,590	190,779,890	29,739,138	13,657,170	306,779,444
Finance costs	12,232,208	124,347,403	10,846	276,040,218	595,486	128,928	413,355,089
Finance income	(667,135)	(1,909)	(3,399)	(7,523)	(14,742)	(769)	(695,477)
Other loss (Income)	383,606	(4,044,964)	(5,000)	(32,311,234)	1,613	(784,791)	(36,760,770)
	58,516,290	270,610,807	92,630,950	1,969,207,908	153,446,873	117,803,206	2,662,216,034
<b>Segment operating income (loss)</b>	<b>29,020,710</b>	<b>(78,207,962)</b>	<b>23,284,931</b>	<b>(214,404,192)</b>	<b>53,784,975</b>	<b>20,059,802</b>	<b>(166,461,736)</b>
<b>March 31, 2026</b>							
<b>Segment assets and liabilities</b>							
Total assets	33,455,732,186	7,684,304,306	821,657,108	17,617,379,087	410,001,903	909,194,539	60,898,269,129
Total liabilities	17,918,514,684	9,283,730,392	105,496,233	19,548,571,378	154,445,499	710,686,548	47,721,444,734
<b>March 31, 2025</b>							
<b>Segment results</b>							
Sales to external customers	-	201,151,716	89,303,588	1,655,849,449	153,530,796	-	2,099,835,549
Intersegment sales	93,300,000	-	16,187,904	22,650,000	-	123,207,689	255,345,593
<b>Total revenues</b>	<b>93,300,000</b>	<b>201,151,716</b>	<b>105,491,492</b>	<b>1,678,499,449</b>	<b>153,530,796</b>	<b>123,207,689</b>	<b>2,355,181,142</b>
<b>Cost of sales and services</b>							
Operating expenses	43,443,549	22,496,743	9,580,326	187,610,419	26,352,756	13,355,809	302,839,602
Finance costs	18,033,582	77,083,058	656,468	132,706,900	271,803	189,078	228,940,889
Finance income	(366)	(3,934)	(2,046)	(14,397)	(6,820)	(519)	(28,082)
Other loss (Income)	(714,166)	(1,442,086)	-	(11,694,539)	-	(453,479)	(14,304,270)
	60,762,599	273,128,873	93,671,638	1,744,525,415	114,750,912	102,677,780	2,389,517,217
<b>Segment operating income (loss)</b>	<b>32,537,401</b>	<b>(71,977,157)</b>	<b>11,819,854</b>	<b>(66,025,966)</b>	<b>38,779,884</b>	<b>20,529,909</b>	<b>(34,336,075)</b>
<b>December 31, 2025</b>							
<b>Segment assets and liabilities</b>							
Total assets	33,369,993,691	7,003,109,980	794,365,407	17,030,090,785	389,484,510	869,894,231	59,456,938,604
Total liabilities	17,872,503,278	9,098,060,557	92,753,645	18,752,834,565	188,907,288	690,777,765	46,695,837,098

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
<b>Revenues</b>		
Total segment revenues	2,495,754,298	2,355,181,142
Elimination of intersegment revenues	(237,557,250)	(255,345,593)
Reported as profit or loss	2,258,197,048	2,099,835,549
<b>Profit or loss</b>		
Segment operating income (loss)	(166,461,736)	(34,336,075)
Other unallocated expense	(878,424)	(6,306,981)
Income (loss) before tax as reported in profit or loss	(167,340,160)	(40,643,056)
	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
<b>Assets</b>		
Segment assets	60,898,269,129	59,456,938,604
Elimination of intercompany accounts	(28,280,633,310)	(27,333,759,601)
Total assets as reported in the consolidated of financial position	32,617,635,819	32,123,179,003
<b>Liabilities</b>		
Segment liabilities	47,721,444,734	46,695,837,098
Elimination of intercompany accounts	(19,102,126,961)	(18,747,139,495)
Total liabilities as reported in the consolidated of financial position	28,619,317,773	27,948,697,603

## 22.5 Disaggregation of revenues from contracts with customers

The disaggregation of revenues based on the timing of satisfaction of performance obligations for the three months ended March 31 are shown below:

	2026	2025
<b>Revenues recognized over time:</b>		
Freight	1,108,978,892	997,945,310
Passage	565,063,111	582,542,863
Charter fees	195,557,607	201,151,716
Other service revenues	228,321,412	164,104,492
Tugboat fees	103,847,925	89,303,588
	2,201,768,947	2,035,047,969
<b>Revenue recognized at a point in time -</b>		
Sale of goods	56,428,101	64,787,580
Total revenues	2,258,197,048	2,099,835,549

## 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.

### 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	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash in bank and cash equivalents	2	202,582,966	190,717,831
Trade and other receivables, net (excluding advances to officers and employees)	3	1,209,894,402	998,431,233
Restricted cash	5,9	111,008,359	111,008,359
Security deposits	9	55,358,104	20,565,263
Advances to related parties	17.4		
		7,438,423,012	7,435,485,358
		9,017,756,845	8,756,208,044

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 March 31, 2026 and December 31, 2025, 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
December 31, 2025					
Expected loss rate	0.03%	13.13%	15.56%	63.16%	
Gross carrying amount - trade and other receivables	265,679,344	164,691,013	92,002,155	1,114,053,418	1,636,425,930
Loss allowance	75,540	21,618,888	14,315,618	703,604,701	739,614,747
December 31, 2025					
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

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 March 31, 2026 and December 31, 2025 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 March 31, 2026 and December 31, 2025 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.

## 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 March 31, 2026 and December 31, 2025, management considers that the carrying amounts of the financial instruments approximate their fair values.

	Notes	March 31, 2026		December 31, 2025	
		Carrying amounts	Fair values	Carrying amounts	Fair values
<b>Financial assets</b>					
At amortized cost:					
Cash and cash equivalents	2	202,582,966	303,488,595	303,488,595	303,488,595
Trade and other receivables, net	3	1,209,894,402	1,006,713,492	1,006,713,492	1,006,713,492
Restricted cash	6, 9	111,008,359	111,008,361	111,008,361	111,008,361
Security deposits	6, 9	55,358,104	20,565,263	20,565,263	20,565,263
Advance to related parties	17.4	7,438,423,012	7,435,485,358	7,435,485,358	7,435,485,358
		9,017,756,845	8,877,261,069	8,877,261,069	8,877,261,069
<b>Financial liabilities</b>					
At amortized cost:					
Trade and other payables	11	7,610,902,603	7,610,902,603	6,933,470,336	6,933,470,336
Interest bearing loans	10	12,419,357,256	12,419,357,256	12,448,826,619	12,448,826,619
Advances from related parties	17.4	272,000,000	272,000,000	289,000,000	289,000,000
		20,302,259,859	20,302,259,859	19,671,296,955	19,671,296,955

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 2026 and 2025 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 P7,493.9 million as at March 31, 2026 (December 31, 2025 - P7,490.9 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 P3,530.5 million as at March 31, 2026 (December 31, 2025 - P3,496.0 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 March 31, 2026 and December 31, 2025.

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 March 31, 2026 and December 31, 2025, 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 March 31, 2026 and December 31, 2025 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:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Total liabilities	28,619,317,773	27,948,697,603
Total equity	3,998,318,046	4,174,481,400
Debt-to-equity ratio	7.16:1.00	6.69:1.00

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 Seasonal Fluctuations**

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

## Item 2. 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 period ending March 31, 2026 and 2025. The following discussions should be read in conjunction with the attached Unaudited Consolidated Financial Statements of the Group as of March 31, 2026 and 2025.

### Comparable discussion on Material Changes in Results of Operations for the period ending March 31, 2026 and 2025.

<i>Amounts in millions (Php)</i>	March 31,					
	2026	%Rev	2025 (restated)	%Rev	% Change	
Revenues	P 2,258	100%	P 2,100	100%	8%	
Cost of sales and services	1,821	81%	1,703	81%	7%	
Gross Profit	437	19%	397	19%	10%	
Other operating expenses	226	10%	223	11%	2%	
Operating profit (loss)	211	9%	174	8%	21%	
Finance cost, net	( 293 )	(13%)	( 216 )	(10%)	35%	
Foreign currency gain (loss)	( 120 )	(5%)	( 13 )	(1%)	855%	
Other charges (income) - net	35	2%	14	1%	141%	
Profit (Loss) Before Tax	( 167 )	(7%)	( 41 )	(2%)	312%	
Tax expense (income)	3	0%	0	0%	232679%	
<b>Net profit (loss)</b>	<b>( P 171 )</b>	<b>(8%)</b>	<b>( P 41 )</b>	<b>(2%)</b>	<b>320%</b>	
Add Back:						
Tax expense (income)	3	0%	0	0%	232679%	
Depreciation and amortization	405	18%	464	22%	(13%)	
Interest expense, net	293	13%	216	10%	36%	
Loss (gain) on sale of property and equipment	2	0%	-	0%	100%	
Interest Income	( 1 )	(0%)	( 0 )	(0%)	2377%	
Unrealized foreign currency exchange losses	106	5%	13	1%	743%	
<b>EBITDA</b>	<b>P 638</b>	<b>28%</b>	<b>P 652</b>	<b>31%</b>	<b>(2%)</b>	

For the first quarter of 2026, the Group achieved Consolidated Revenues of ₱2.258 billion, representing a steady 8% year-on-year growth driven by robust performances across the Freight, Tugboats, and Logistics segments. This top-line expansion was accompanied by improved core profitability, evidenced by a 21% surge in Operating Profit.

Consolidated Cost of Sales and Services rose by 7% to P1.821 billion, trailing revenue growth and demonstrating effective cost containment. The Group maintained a stable cost structure, with the cost-to-revenue ratio holding firm at 81%. Consequently, Gross Profit expanded by 10% to P437 million, with gross margin softening upward from 18.9% to 19.4%.

Operating Profit reached P211 million, a 21% increase bolstered by disciplined overhead management. Other Operating Expenses grew by a marginal 2% to P226 million, significantly lower than the increase in the volume of business. This operational efficiency pushed operating margins from 8% to 9%.

However, these operational gains were tempered by significant non-operating headwinds. Finance costs climbed 35% to P293 million, driven by higher debt servicing requirements or increased interest rates and increased lease interests following fleet expansion. Additionally, the Group recognized a P120 million Foreign Currency Loss, primarily stemming from bareboat charter obligations for vessels. The combination of increased vessel financing and Peso-Dollar volatility further diluted the bottom line, resulting in a Net Loss of P171 million, compared to a P41 million loss in the prior year.

Despite the Net Loss, EBITDA remained resilient at P638 million, a minor 2% dip from the previous year. Significant add-backs, including P405 million in Depreciation and Amortization and P293 million in Interest Expense, underscore the Group's ability to generate strong core operational cash flow. The EBITDA margin compressed slightly from 31% to 28%, largely reflecting the impact of non-cash unrealized foreign exchange losses.

### Financial Condition

March 31, 2026 and December 31, 2025

Amounts in millions	March 31, 2026		December 2025		% Change
Current Assets	P	11,879	P	11,356	5%
Non-Current Assets		20,739		20,767	(0%)
<b>Total Assets</b>	<b>P</b>	<b>32,618</b>	<b>P</b>	<b>32,123</b>	<b>2%</b>
Current Liabilities	P	12,403	P	12,032	3%
Non-Current Liabilities		16,217		15,917	2%
<b>Total Liabilities</b>	<b>P</b>	<b>28,619</b>	<b>P</b>	<b>27,949</b>	<b>2%</b>
<b>Total Equity</b>	<b>P</b>	<b>3,998</b>	<b>P</b>	<b>4,174</b>	<b>(4%)</b>
<b>Total Liabilities and Equity</b>	<b>P</b>	<b>32,618</b>	<b>P</b>	<b>32,123</b>	<b>2%</b>

The Group maintained a stable financial position, with Total Assets increasing by 2% to reach P32.618 billion. This growth was offset by a 4% contraction in Total Equity, primarily attributed to the net loss incurred during the first quarter. This dilution in the capital base resulted in a lower book value per share of P1.78, compared to P1.86 at year-end 2025.

**Comparable discussion on Material Changes in Results of Operations for the period ending March 31, 2025 and 2024.**

Amounts in millions (Php)	MARCH 31					
	2025	%Rev	2024	%Rev	% Change	
Revenues	P 2,091	100%	P 1,779	100%	18%	
Cost of sales and services	1,703	81%	1,474	83%	15%	
Gross profit	388	19%	304	17%	27%	
Other operating expenses	223	11%	191	11%	17%	
Operating profit	165	8%	113	6%	46%	
Finance cost, net	( 229 )	(11%)	( 275 )	(15%)	(17%)	
Other income - net	23	1%	14	1%	69%	
Loss before tax	( 41 )	(2%)	( 148 )	(8%)	(73%)	
Tax expense (income)	0	0%	0	0%	(63%)	
<b>Net loss</b>	<b>( P 41 )</b>	<b>(2%)</b>	<b>( P 148 )</b>	<b>(8%)</b>	<b>(73%)</b>	
Add Back:						
Tax expense (income)	0	0%	0	0%	(63%)	
Depreciation and amortization	464	22%	380	21%	22%	
Interest expense	216	10%	266	15%	(19%)	
Interest Income	( 0 )	(0%)	( 0 )	(0%)	(84%)	
<b>EBITDA</b>	<b>P 639</b>	<b>31%</b>	<b>P 498</b>	<b>28%</b>	<b>28%</b>	

The Group reported Consolidated Revenues of ₱2.091 Billion in the first quarter of 2025, reflecting an 18% year-on-year increase compared to 2024. This growth was fueled by improvements across all business segments, except for tugboats which faced a 5% decline due to market challenges.

Freight and passenger volumes rose, supported by higher rates that contributed to revenue growth. Ongoing strategic initiatives, such as asset optimization and vessel deployment to higher-yield routes, helped address vessel availability issues. The introduction of chartered RoRo vessels mitigated capacity constraints, delivering a full-quarter impact and boosting Freight revenues by 19%.

Meanwhile, Logistics, Chartering, and passage-related Sale of goods and other services saw increases of 15%, 20%, and 54%, respectively.

Freight operations remained the largest contributor, accounting for 48% of Consolidated Revenues. Total Direct Costs grew by a moderate 15%, remaining below the 18% revenue growth, despite a 19% increase in bunkering costs due to higher trip volumes and fluctuating fuel prices. Depreciation and Amortization Expenses climbed 24%, reflecting elevated drydocking costs and the impact of vessel revaluation in Q4 2024.

Despite cost pressures, the Gross Profit Margin strengthened from 17% to 19%.

Consolidated Other Operating Expenses increased by 17%, driven by higher dues and rising labor-related costs due to expanding business demands. However, the ratio of Other Operating Expenses to Revenue remained steady at 11% year-on-year.

Supported by ongoing cost management strategies and improved operational efficiency, the Group's consolidated operating performance surged by 46%, with Operating Profit reaching ₱165 Million for the period.

Chelsea Group's Liability Management Exercise (LME) neared completion, advancing loan restructuring efforts, which led to a 17% reduction in consolidated Interest Expense, totaling ₱229 Million.

Net Other Income climbed 69%, driven by increased revenues from passage-related auxiliary services, including charging stations, excess baggage fees, linen rentals, upgrade fees, and more. As a result, the Group reduced its consolidated Net Loss after Tax to ₱41 Million, marking a significant recovery from ₱148 Million in Q1 2024.

Consolidated Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) increased by 28%, reaching ₱639 Million. Meanwhile, Loss per Share improved to ₱0.021 in 2025, recovering from ₱0.069 in 2024.

### Financial Condition

March 31, 2025 and December 31, 2024

Amounts in millions	Unaudited March 31, 2025		Audited December 2024		% Change
Current Assets	P	11,392	P	10,983	4%
Non-Current Assets		20,126		20,430	(1%)
<b>Total Assets</b>	<b>P</b>	<b>31,518</b>	<b>P</b>	<b>31,413</b>	<b>0%</b>
Current Liabilities	P	12,412	P	12,092	3%
Non-Current Liabilities		14,886		15,061	(1%)
<b>Total Liabilities</b>	<b>P</b>	<b>27,298</b>	<b>P</b>	<b>27,152</b>	<b>1%</b>
<b>Total Equity</b>	<b>P</b>	<b>4,220</b>	<b>P</b>	<b>4,261</b>	<b>(1%)</b>
<b>Total Liabilities and Equity</b>	<b>P</b>	<b>31,518</b>	<b>P</b>	<b>31,413</b>	<b>0%</b>

The Group's Consolidated Total Assets remained stable across both periods, standing at ₱31 Billion. Meanwhile, Total Equity declined slightly to ₱4.220 Billion in Q1 2025, reflecting additional losses incurred during the period.

Consequently, Book Value per Share decreased from ₱1.99 in December 2024 to ₱1.97.

**Comparable discussion on Material Changes in Results of Operations for the period ending March 31, 2024 and 2023.**

Amounts in millions (Php)	March 31					
	2024	%Rev	2023	%Rev	%	Change
Revenues	P 1,779	100%	P 1,708	100%		4%
Cost of sales and services	1,474	83%	1,442	84%		2%
Gross Profit	304	17%	267	16%		14%
Other operating expenses	191	11%	286	17%		(33%)
Provision for expected credit losses	0	0%	5	0%		100%
Operating profit (loss)	113	6%	( 25 )	(1%)		(561%)
Finance cost, net	( 275 )	(15%)	( 315 )	(18%)		(13%)
Other charges (income) - net	14	1%	17	1%		(22%)
Profit (Loss) Before Tax	( 148 )	(8%)	( 322 )	(19%)		(54%)
Tax expense (income)	0	0%	2	0%		(100%)
<b>Net profit (loss)</b>	<b>( P 148 )</b>	<b>(8%)</b>	<b>( P 324 )</b>	<b>(19%)</b>		<b>(54%)</b>
Add Back:						
Tax expense (income)	0	0%	2	0%		(100%)
Depreciation and amortization	380	21%	359	21%		6%
Interest expense	266	15%	313	18%		(15%)
Provision for expected credit losses	0	0%	5	0%		100%
Interest Income	( 0 )	(0%)	( 0 )	(0%)		15%
<b>EBITDA</b>	<b>P 498</b>	<b>28%</b>	<b>P 354</b>	<b>21%</b>		<b>41%</b>

The financial results of CLIHC and subsidiaries for the first quarter ending March 31, 2024 showed an increase in Consolidated Revenues by 4% to ₱1.779 Billion. The improvement reflected the accelerating growth of Passage, Chartering, Tugboats and Logistics segments' performance with the continuing recovery of passenger volume, tugboat movement and charter, B2B logistics segment, and the increasing number of vessels in trade. Vessel availability issues remained due to extended drydocking.

Consolidated Gross Profit for Q1 2024 was ₱304 Million, compared to ₱267 Million in 2023 and the increase was primarily due to improved revenues and increased trading vessels. The Gross Margin in 2024 increased to 17% of revenues compared to 16% in the prior period, reflecting the impact of improved revenues on fixed cost of services and change in contract mix with increased bareboat and time chartering of vessels.

Other Operating Expenses dropped by 33% to ₱191 Million or 11% ratio to revenue from 17% in 2023 due to significant reduction in Outside Services cost in 2024.

No additional Provision for Expected Credit Losses (ECL) for the quarter was taken up and the total Allowance for ECL was deemed to sufficiently cover any doubtful accounts.

Operating results for the period reversed to a profit of ₱113 Million compared to a loss of ₱25 Million in 2023 basically due to factors stated above.

Consolidated Finance Cost decreased by 13% reflecting the impact of the Loan Management Exercise of the Group due to loan restructuring.

Other Income generated from the sale of scrap materials, passage-related auxiliary services such as use of charging station, excess baggage fee, linen rental, upgrade fee, etc. decreased from ₱17 Million to ₱14 Million last year.

The Group's Consolidated Net Loss after Tax amounted to ₱148 Million, reflecting the effect of high finance cost, a significant reduction of 54% from last year's Loss of ₱324 Million and resulted to an adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of ₱498 Million, a 41% substantial increase from same period in 2023.

Loss per Basic and Diluted Share this quarter is ₱0.069, an improvement from prior year's ₱0.169 loss per share.

### Financial Condition

March 31, 2024 and December 31, 2023

Amounts in millions		Unaudited March 2024		Audited December 2023	% Change
Current Assets	P	11,101	P	10,946	1%
Non-Current Assets		21,856		22,005	(1%)
<b>Total Assets</b>	<b>P</b>	<b>32,956</b>	<b>P</b>	<b>32,951</b>	<b>0%</b>
Current Liabilities	P	15,495	P	15,057	3%
Non-Current Liabilities		13,705		13,990	(2%)
<b>Total Liabilities</b>	<b>P</b>	<b>29,200</b>	<b>P</b>	<b>29,047</b>	<b>1%</b>
<b>Total Equity</b>	<b>P</b>	<b>3,756</b>	<b>P</b>	<b>3,904</b>	<b>(4%)</b>
<b>Total Liabilities and Equity</b>	<b>P</b>	<b>32,956</b>	<b>P</b>	<b>32,951</b>	<b>0%</b>

The Group's Consolidated Total Assets are practically the same for both periods, posted at ₱32.9 Billion. Total Equity decreased by 4% in Q1 2024 due to additional losses incurred during the period.

This resulted to a decrease in Book Value per Share to ₱1.75 from ₱1.82 in December 2023.

## Key Performance Indicators and Relevant Ratios

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

	March 2026	March 2025	March 2024
Current ratio	<b>0.93</b>	0.92	0.91
Debt-to-equity ratio	<b>7.16</b>	6.47	6.37
Book value per share	<b>₱1.78</b>	₱1.97	₱1.76
EBITDA margin	<b>28%</b>	31%	28%
Return on equity	<b>(4%)</b>	(1%)	(4%)
Loss per share	<b>(₱0.080)</b>	(₱0.021)	(₱0.069)

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

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.

**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**

On March 27, 2021, the President of the Republic of the Philippines declared the imposition of Enhanced Community Quarantine (ECQ) which restricted all land, air and sea transport to and from Luzon. Several local government units in Visayas and Mindanao also followed with their respective Executive Orders restricting all forms and transport. These pronouncements resulted in a significant slowdown in the Group's operations while continuously incurring costs while the vessels are on laid-up status.

**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. This scenario, however did not hold true for 2020 because of the ECQ declared in the various cities and provinces where the Group operates, starting second half of March 2020.

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

**PART II OTHER INFORMATION**

In 2023, the 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 of December 31, 2023.

In September 2023 and November 2023, PNX-Chelsea disposed two vessels with a total net book value of P377.0 million for a total consideration of \$3.8 million (P211.7 million) in which PNX-Chelsea recognized a loss on sale amounting to P162.9 million and is presented as part of Loss on sale of property and equipment under the Other Income (Charges) account in the 2023 consolidated statement of profit or loss.

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 applied as full payment to the outstanding loan and unpaid interest of the Group amounting to P1,013.8 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 income (expenses), net in the consolidated statements of total comprehensive income.

As at March 31, 2026 and December 31, 2025, 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 March 31, 2026 and December 31, 2025.

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 (PERAA), 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 March 31, 2026 and December 31, 2025 in the consolidated statements of financial position.

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).

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.

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.**

By:



**DENNIS A. UY**  
Chairman of the Board

~~**CHRYS ALFONSUS V. DAMUY**~~  
President and CEO



**DARLENE A. BINAY**  
Chief Financial Officer

Signed this 13<sup>th</sup> day of May 2026