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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 **30 September 2025**
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 INERASTRUCTURE 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

COMMON**2,274,768,615**Amount of debt outstanding: **PHP15,296,178,583**

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
September 30, 2025 and December 31, 2024
(All amounts in Philippine Peso)

	Notes	September 30, 2025 (unaudited)	December 31, 2024 (audited)
Assets			
Current assets			
Cash and cash equivalents	2	346,610,748	317,837,548
Trade and other receivables - net	3	842,434,624	652,019,783
Inventories	4	390,436,547	370,456,250
Advances to related parties	17	7,698,340,119	7,636,618,327
Other current assets	5	2,370,147,676	2,006,068,743
Total current assets		11,647,969,714	10,983,000,651
Non-current assets			
Investment property	6	95,111,170	95,111,170
Property and equipment, net	7	17,121,376,284	18,063,144,033
Goodwill	21	1,774,083,332	1,774,083,332
Retirement benefit asset	14	1,992,064	1,992,064
Deferred tax assets, net	16	109,368,990	109,368,990
Other non-current assets, net	9	604,353,410	386,172,854
Total non-current assets		19,706,285,250	20,429,872,443
Total assets		31,354,254,964	31,412,873,094
Liabilities and Equity			
Current liabilities			
Trade and other payables	11	9,588,919,964	9,055,911,418
Loan and borrowings, current portion	10	1,664,044,141	2,112,867,004
Advances from related parties	17	504,000,000	504,000,000
Advances from customers	28.1	428,594,164	388,124,983
Income tax payable		17,689,034	30,674,588
Total current liabilities		12,203,247,303	12,091,577,993
Non-current liabilities			
Loan and borrowings, net of current portion	10	13,632,134,442	13,957,755,059
Retirement benefit obligation, net	14	310,039,822	310,039,822
Deferred tax liabilities, net	16	774,366,393	774,366,393
Other non-current liabilities		18,378,637	18,378,637
Total non-current liabilities		14,734,919,294	15,060,539,911
Total liabilities		26,938,166,597	27,152,117,904
Equity			
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	54,900,701	54,900,701
Revaluation reserves	18	1,808,139,452	1,849,585,883
Other reserves	18	(1,058,033,280)	(1,058,033,280)
Deficit	18	(9,917,264,278)	(10,114,043,886)
		4,236,088,367	4,080,755,190
Non-controlling interest	18	180,000,000	180,000,000
Total equity		4,416,088,367	4,260,755,190
Total liabilities and equity		31,354,254,964	31,412,873,094

The notes on pages 1 to 54 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 Statements of Total Comprehensive Income

For the nine months and three months ended September 30, 2025 and 2024

(All amounts in Philippine Peso)

(Unaudited)

		For the nine months ended September 30,		For the three months ended September 30,	
	Notes	2025	2024	2025	2024
Revenues	22	6,875,808,218	5,991,664,291	2,211,052,752	2,014,614,878
Cost of sales and services	12	5,274,748,373	4,829,370,108	1,783,570,672	1,726,238,593
Gross income		1,601,059,845	1,162,294,183	427,482,080	288,376,285
Other operating expenses	13	786,943,729	666,385,574	263,475,878	236,022,271
Expected credit losses on receivables	3	-	817,620	-	329,691
Operating income		814,116,116	495,090,989	164,006,202	52,024,323
Other income (expenses), net					
Finance costs	15	(701,387,624)	(821,603,103)	(265,343,382)	(272,549,201)
Finance income	15	91,479	518,989	32,398	309,398
Other income	15	90,914,694	24,833,401	38,343,519	(10,722,977)
		(610,381,451)	(796,250,713)	(226,967,465)	(282,962,780)
Income (loss) before tax		203,734,665	(301,159,724)	(62,961,263)	(230,938,457)
Income tax expenses	16	48,401,488	38,856,148	13,065,825	28,447,859
Income (loss) for the period		155,333,177	(340,015,872)	(76,027,088)	(259,386,316)
Total comprehensive income (loss) for the period		155,333,177	(340,015,872)	(76,027,088)	(259,386,316)
Earnings (loss) per share					
Basic and diluted		0.072	(0.159)	(0.040)	(0.121)

The notes on pages 1 to 54 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 nine months ended September 30, 2025 and 2024
(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
Balance at January 1, 2024	2,144,018,615	11,204,327,157	49,940,776	1,917,069,636	(1,058,033,280)	(10,533,051,431)	3,724,271,473	180,000,000	3,904,271,473
Total comprehensive loss for the period									
Net loss	-	-	-	-	-	(340,015,872)	(340,015,872)	-	(340,015,872)
Transfer of revaluation reserves through depreciation, net of tax	-	-	-	(7,520,848)	-	7,520,848	-	-	-
Balance at September 30, 2024	2,144,018,615	11,204,327,157	49,940,776	1,909,548,788	(1,058,033,280)	(10,865,546,455)	3,384,255,601	180,000,000	3,564,255,601
Balance at January 1, 2025	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
Total comprehensive loss for the period									
Net income	-	-	-	-	-	155,333,177	155,333,177	-	155,333,177
Transfer of revaluation reserves through depreciation, net of tax	-	-	-	(41,446,431)	-	41,446,431	-	-	-
Balance at September 30, 2025	2,144,018,615	11,204,327,157	54,900,701	1,808,139,452	(1,058,033,280)	(9,917,264,278)	4,236,088,367	180,000,000	4,416,088,367

The notes on pages 1 to 54 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 nine months ended September 30, 2025 and 2024
(All Amounts in Philippine Pesos)
(Unaudited)

	Notes	2025	2024
Cash flows from operating activities			
Income (loss) before tax		203,734,665	(301,159,724)
Adjustments for:			
Depreciation and amortization	7,9	1,378,764,788	1,167,767,829
Interest expense	15	665,405,870	790,632,510
Interest income	15	(91,479)	(518,989)
Expected credit losses on receivables	5	-	817,620
Operating profit before working capital changes		2,247,813,844	1,657,539,246
Decrease (increase) in trade and other receivables		(190,414,840)	(35,618,678)
Decrease in inventories		(19,980,297)	(53,601,456)
Decrease (increase) in advances to related parties		(61,721,792)	37,559,883
Increase in other current assets		(394,786,470)	(368,498,750)
Increase in other non-current assets		(219,753,929)	277,633,402
Increase (decrease) in trade and other payables		309,076,500	(303,563,735)
Increase in advances from customers		40,469,181	(6,924,819)
Increase in other non-current liabilities		-	(18,779,240)
Cash generated from operations		1,710,702,197	1,185,745,853
Interest received		91,479	518,989
Cash paid for income taxes		(30,679,506)	(10,280,152)
Net Cash From Operating Activities		1,680,114,170	1,175,984,690
Cash flows from an investing activity			
Acquisitions of property and equipment	7	(435,423,666)	(514,535,701)
Cash flows from financing activities			
Repayments of interest-bearing loans and borrowings	10	(861,273,007)	(462,810,909)
Interest paid		(427,554,097)	(313,111,959)
Proceeds from interest-bearing loans and borrowings	12	72,909,800	-
Net Cash From (Used In) Financing Activities		(1,215,917,304)	(775,922,868) #
Net increase(decrease) in cash and cash equivalents		28,773,200	(114,473,879)
Cash and cash equivalents at beginning of year		317,837,548	392,586,988
Cash and cash equivalents at end of period		346,610,748	278,113,109

The notes on pages 1 to 54 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 September 30, 2025 and December 31, 2024 and for the three months ended

September 30, 2025 and 2024

(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. Pampanga, Davao City.

As at September 30, 2025 and December 31, 2024, the Parent Company has 35 shareholders, 26 of which holds at least 100 common shares each. The Parent Company's major shareholders are Udenna and its directors holding 72.70% of its total issued shares and the remaining 27.30% of total issued shares as at September 30, 2025 and December 31, 2024 are held by the public.

1.2 Subsidiaries, associate and their operations

As at September 30, 2025 and December 31, 2024, the Parent Company holds ownership interests in the following subsidiaries and associate:

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

¹Wholly owned subsidiary of CSC

²Wholly owned subsidiary of FTC

³Wholly owned subsidiary of Trans-Asia

⁴Wholly owned subsidiary of Starlite

⁵60.29% owned by CLC and 39.71% owned by UIBV, based on voting rights

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

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

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

- d. Incorporated on August 25, 1994 and is primarily engaged in general business of domestic shipping, to own and operate vessels of any class, type 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.

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

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

- m. Incorporated on June 9, 2016 and is primarily engaged in the business of providing full and partial crewing for domestic and foreign vessels, to act as the authorized representative and crew manager of shipping companies, and to provide allied maritime services for said vessels and companies.
- n. Incorporated on January 8, 2018 and is engaged in the general business of building and repair of ships, boats and other kinds of vessels as well as in ship breaking activities.
- o. Incorporated on March 14, 2018 to primarily engage in the business of ship management and to act as agent, broker, ship chandler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels.
- p. Incorporated and domiciled in the Republic of Singapore and is primarily engaged in the business and management consultancy services. CSLSP has not yet started commercial operations as at September 30, 2025.
- q. Incorporated on November 28, 2007 and is engaged in machining and mechanical works on ship machineries and industrial plants.
- r. Incorporated on July 6, 2006 primarily to engage in the business of domestic shipping for the transportation of passengers and cargoes with territorial waters and/or in the high seas and is presently engaged in the charter or lease of maritime vessels.
- s. Incorporated on June 21, 2000 primarily to establish and maintain restaurant, coffee shops, refreshment parlors, cocktail lounges and cater goods, drinks, refreshments and other food commonly served in such establishments.
- t. Incorporated on December 31, 2005 and is engaged in the purchase of all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation for purposes of selling the same on retail or wholesale, either local and/or through importation.
- u. Incorporated on October 11, 2018 and is primarily engaged in arrastre services. As at September 30, 2025, Star Maritima has not yet started commercial operations.
- v. Incorporated on June 27, 2018 and is engaged to purchase all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation, for purposes of selling the same on retail or wholesale locally.
- w. Incorporated on November 14, 2018 and is primarily engaged to act as cargo consolidator, to engage in the business of transporting by land natural persons and/or their baggages, cargo, goods merchandise or effects, and to own, lease or charter, offer for lease or charter or operate land vehicles such as, but not limited to buses, cars, jeeps or vans.
- x. Organized under Philippines laws and registered with SEC on August 8, 2008 as an investment holding company.

- y. Incorporated on November 4, 2019 and is primarily engaged to acquire, hold, sell, exchange, deal and invest in real or personal property of all kinds, including stocks, bonds, or securities of any public or private corporation, including any government or any subdivision thereof, in the same manner and to the extent as a natural person might, could, or would do, to exercise all the rights, powers, and privileges of ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes, without however managing securities, portfolio, or funds of the managed entity or firm, nor shall the corporation act as a stock dealer in securities or broker, nor engage in investment solicitation nor take investments from the public sector. The Parent Company initially subscribed to 41.67% ownership interest in DHC on November 4, 2019. DHC has not yet started commercial operations as of September 30, 2025.

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

- z. Incorporated on December 28, 2023 and is primarily engaged to provide complete foreign and domestic end to end logistics, and distribution services for any and all kinds of goods including last mile delivery through the use of all available motor vehicles and vessels, aircraft, and to operate the necessary warehouses in connection with said logistics and distribution services. Precision has not yet started commercial operations as at September 30, 2025.
- aa. Incorporated on November 2, 2024 and is primarily engaged in the general business of a one-stop shop providing travel products and services for domestic and international travels including transportation arrangements, accommodations and travel packages. CBSC has not yet started commercial operations as at September 30, 2025.

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

1.3 Approval of unaudited interim condensed consolidated financial statements

The unaudited interim condensed consolidated financial statements of the Group as at September 30, 2025 and December 31, 2024 and for the six months ended September 30, 2025, 2024 and 2023 were authorized and approved for issuance by the Parent Company's Board of Directors (BOD) on November 13, 2025.

2 Cash and cash equivalents

The details of this account follow:

	September 30, 2025	December 31, 2024
Cash on hand	125,801,450	77,944,477
Cash in banks	207,100,339	226,184,112
Cash equivalents	13,708,959	13,708,959
	346,610,748	317,837,548

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

3 Trade and other receivables, net

The details of this account follow:

	Note	September 30, 2025	December 31, 2024
Trade receivables			
Third parties		1,473,784,833	1,324,965,685
Related parties	17.1	55,471,143	55,471,143
Due from agencies		119,424,153	77,380,118
Advances to officers and employees		22,621,982	22,900,011
Claims receivables		4,952,464	5,094,404
Others		46,258,200	46,286,573
		1,722,512,775	1,532,097,934
Allowance for expected credit loss on receivables		(880,078,151)	(880,078,151)
		842,434,624	652,019,783

Trade and other receivables are non-interest bearing and generally have a 30 to 90 days term.

Due from agencies represent claims from authorized agents for tickets sold to customers.

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

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.

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 September 30, 2025 and December 31, 2024. For other receivables, management assessed that the balance as at September 30, 2025 and December 31, 2024 are collectible in full.

Critical accounting estimate - Expected credit losses (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 considering 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

The details of this account follow:

	Note	September 30, 2025	December 31, 2024
Spare parts		179,567,023	182,233,861
Fuel and lubricants	17.2	96,600,198	88,082,471
Shipping supplies		66,653,284	66,014,706
Food, beverage and other supplies		47,616,042	34,125,212
		390,436,547	370,456,250

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

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

As at September 30, 2025 and December 31, 2024, there are no inventories pledged as security for any of the Group's liabilities.

Critical accounting judgment - Impairment 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 technological obsolescence, competition in the market and changes in prices. As at September 30, 2025 and December 31, 2024, management assessed that the net realizable value of inventories is higher than cost.

5 Other current assets

The details of this account follow:

	Note	September 30, 2025	December 31, 2024
Creditable withholding taxes		501,758,417	526,715,281
Advance to suppliers		786,640,000	509,508,404
Input Value Added Taxes (VAT)		556,931,591	386,436,213
Deferred input VAT, current portion		249,976,511	385,209,886
Prepayments		262,915,204	189,243,006
Restricted cash, current portion	2	11,925,953	8,955,953
		2,370,147,676	2,006,068,743

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.

Deferred input VAT pertains to the input VAT on services rendered to the Group that remains unpaid as at September 30, 2025 and December 31, 2024.

Prepayments mainly pertains 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 (Note 10.1 - b.3).

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 property

The Group's investment property includes 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 September 30, 2025 and December 31, 2024 are shown below.

	September 30, 2025	December 31, 2024
Balance at beginning of period	95,111,170	1,270,907,961
Disposal during the period	-	(1,175,796,791)
Balance at end of period	95,111,170	95,111,170

In 2024, the Group entered into a Deed of Assignment (Dacion En Pago) with China Banking Corporation (CBC) assigning its rights and ownership to a certain portion of its investment property with a carrying value of P1,175.8 million to CBC for a total consideration of P1,633.8 million. The consideration was 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).

The property of the Group as at September 30, 2025 and December 31, 2024 with net carrying amount of P95.1 million was used as a collateral to secure payment of the Group's term loan (Note 10.1 - b.3).

Fair value measurement and disclosures related to the investment property are presented in Note 25.4.

7 Property and equipment, net

The details of this account follow:

	Land	Vessels and vessel equipment	Transportation equipment	Building and leasehold improvements	Office furniture, fixture and equipment	Right-of-use assets	CIP	Total
Balance at January 1, 2025 net of accumulated depreciation and amortization and impairment losses	213,761,703	13,971,879,529	27,229,208	130,983,182	17,407,603	3,397,273,572	304,609,236	18,063,144,033
Additions	-	344,685,515	12,532,752	890,243	6,504,030	-	69,694,090	434,306,630
Depreciation and amortization expense for the period	-	(1,028,628,787)	(8,249,213)	(13,890,592)	(9,334,289)	(315,971,498)	-	(1,376,074,379)
Balance at September 30, 2025 net of accumulated depreciation and amortization and impairment losses	213,761,703	13,287,936,257	31,512,747	117,982,833	14,577,344	3,081,302,074	374,303,326	17,121,376,284
Balance at January 1, 2024 net of accumulated depreciation and amortization and impairment losses	213,761,703	14,552,188,831	21,792,848	139,597,272	12,421,770	2,989,802,329	210,895,053	18,140,459,806
Additions	-	547,302,367	17,794,137	9,796,057	16,182,701	659,318,447	153,764,809	1,404,158,518
Revaluation increment, net	-	218,916,615	-	-	-	-	-	218,916,615
Reclassification	-	60,050,626	-	-	-	-	(60,050,626)	-
Impairment losses	-	(18,151,241)	-	-	-	-	-	(18,151,241)
Depreciation and amortization expense for the year	-	(1,388,427,669)	(12,357,777)	(18,410,147)	(11,196,868)	(251,847,204)	-	(1,682,239,665)
Balance at December 31, 2024 net of accumulated depreciation and amortization and impairment losses	213,761,703	13,971,879,529	27,229,208	130,983,182	17,407,603	3,397,273,572	304,609,236	18,063,144,033

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 Samal	March 4, 2025	13,448,000
M/Tug Pindasan	March 4, 2025	44,354,000
M/Tug Sigaboy	November 6, 2024	35,539,000
MV Trans-Asia 12	March 20, 2025	240,541,000
MV Trans-Asia 15	March 20, 2025	440,735,000
M/Tug Fortis V	February 23, 2023	36,886,000
M/Tugs Fortis II	April 30, 2024	25,679,000
M/Tug Fortis VIII	March 3, 2025	19,670,000
M/Tug Fortis XII	November 25, 2024	35,861,000
M/Tug Fortis XV	December 10, 2024	25,026,000
M/T Chelsea Endurance	October 4, 2024	325,000,000
MV Starlite Archer	September 20, 2024	451,995,000
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
MV Trans Asia 3	September 18, 2024	217,150,000
MV Trans-Asia 18	September 18, 2024	510,922,000
MV Starlite Pioneer	September 20, 2024	423,419,000
MV Starlite Eagle	December 29, 2023	442,963,000
MV Starlite Tamaraw	February 8, 2024	28,772,000
MV Starlite Saturn	September 20, 2024	429,549,000
Starlite Sprint 1	December 16, 2024	127,140,000
M/Tug Orishima	December 1, 2024	2,100,000
M/Tug Fortis XI	December 1, 2024	5,100,000
M/Tug Fortis IX	December 1, 2024	29,800,000
MV St. Uriel	December 6, 2024	51,500,000
MV St. Sealthiel	December 6, 2024	71,650,000
MV St. Jhudiel	December 10, 2024	74,850,000
MV St. Braquiel	December 10, 2024	70,000,000
MV St. Emmanuel	January 4, 2024	100,000,000
MV St. Camael	December 11, 2024	179,000,000
MV St. Sariel	December 11, 2024	182,300,000
MV St. Micah	January 4, 2024	103,000,000
M/Tug Fortis VI	February 24, 2023	47,645,000
M/Tug Dav Tug XI	February 19, 2024	21,872,000
MT Global Dominance	February 20, 2024	388,969,000
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 Pacific	February 7, 2024	35,520,000
MV Trans-Asia 17	February 2, 2024	345,299,000
MT BMI Patricia	February 2, 2024	10,745,000
MT Chelsea Intrepid	February 2, 2024	24,559,000
MV Asia Pacific	January 31, 2024	71,160,000
MV Trans-Asia 10	February 19, 2024	348,123,000
MV Trans-Asia 2	February 19, 2024	105,023,000
MV Trans-Asia 16	January 30, 2024	213,601,000
MT Ernesto Uno	January 12, 2024	78,609,000
MT Chelsea Resolute	January 11, 2024	80,475,000
MT Great Princess	January 11, 2024	801,544,000
MT Maria (Chelsea Denise II)	January 10, 2024	440,000,000

Name of vessel	Date of appraisal report	Net appraised values
<i>(continued)</i>		
MT Chelsea Jasaan	January 9, 2024	47,787,000
MT Chelsea Denise	December 29, 2023	181,000,000
MV Starlite Reliance	November 10, 2023	442,185,000
MV Starlite Stella Maris	November 10, 2023	533,652,000
MT Chelsea Excellence	November 9, 2023	117,000,000
MV Trans-Asia 19	November 6, 2023	758,740,000
Mt Chelsea Providence	September 20, 2023	1,816,640,000
Mt Chelsea Charlize	September 18, 2023	204,800,000
M/Tug Fortis I	July 31, 2023	25,354,000
MT Chelsea Enterprise	April 22, 2023	96,500,000
MV Trans-Asia 8	March 10, 2023	99,866,000
M/Tug Fortis III	February 23, 2023	25,676,000
M/Tug Fortis VII	February 19, 2024	27,314,000
MV Starlite Venus	December 30, 2022	926,106,000
MV Starlite Jupiter	November 29, 2022	52,974,000
MT Global Cherylyn	November 4, 2022	851,253,000
MV Starlite Salve Regina	November 10, 2023	742,782,000

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

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

Certain vessels of the Group with a total net carrying amount of P11,2987.8 million and P11,680.7 million as at June 30, 2025 and December 31, 2024, respectively, were used to secure the payment of certain loans and borrowings (Note 10). There were no capitalized borrowing costs in 2025 and 2024.

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 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 September 30, 2025 and December 31, 2024, based on management's assessment and judgment, there are no indications of impairment or changes in circumstances indicating that the carrying value of their property and equipment may not be recoverable.

Critical accounting estimate - Fair value estimation of vessel and vessel equipment and investment properties

Vessel and vessel equipment are 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 comparative or market data approach. The technique of this approach establishes value of the basis of sales or offerings of properties similar to that under appraisal with adjustments made to the subject property to compensate for differences.

When a valuation is obtained, management reviews the competence, capabilities and objectivity of the valuer, key inputs, assesses valuation movements and holds discussions with the valuer as part of the process. Discussions about the valuation processes and results are held between the management and the Parent Company's BOD.

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 2024 and 2023, the fair value of certain vessels was referred to the appraisal reports. Investment property is measured using the cost model. The fair value disclosed in Note 25.4 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.

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 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.

DHC is in net capital deficiency as at September 30, 2025 and December 31, 2024.

As at September 30, 2025 and December 31, 2024, the Group's cumulative share in net losses from the associates already exceeded the investments in the said entities. As such, recognized losses is only up to the extent of the investment.

No dividends were received from the Group's associate for each of the periods ended September 30, 2025. The Group's associate is a private company; therefore, no quoted market prices are available for these shares.

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

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

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

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

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 September 30, 2025 and December 31, 2024, based on management's assessment and judgment, the carrying value of the Group's investments may not be recoverable.

9 Other non-current assets

The details of the account follow:

	Notes	September 30, 2025	December 31, 2024
Advances to suppliers	20.4	398,473,691	200,005,778
Deferred input VAT, net of current portion		167,414,523	115,373,166
Security deposits	17.3	18,712,217	46,823,449
Software, net of amortization		19,752,979	23,635,349
Restricted cash, net of current portion	2	-	335,112
		604,353,410	386,172,854

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

Deferred input VAT pertains to the input VAT on services rendered to the Group that remains unpaid as at September 30, 2025 and December 31, 2024.

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

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

10 Loans and borrowings

Loans and borrowings as at December 31 consist of:

	Notes	September 30, 2025	December 31, 2024
Current:			
Term loans	10.1	665,289,085	606,680,502
Bank loans	10.2	678,648,178	1,014,726,393
Mortgage loans	10.3	50,255,462	54,672,705
Lease liabilities	10.4	269,851,416	436,787,404
		1,664,044,141	2,112,867,004
Non-current:			
Term loans	10.1	10,618,425,103	10,978,967,355
Bank loans	10.2	457,563,162	195,587,138
Mortgage loans	10.3	61,244,963	98,191,326
Lease liabilities	10.4	2,494,901,214	2,685,009,240
		13,632,134,442	13,957,755,059
		15,558,126,663	16,070,622,063

The Group has taken necessary steps to improve its financial condition, including negotiating with banks for the refinancing, extension, or temporary relief of its loan obligations as part of the Group's LME. Relative to this, the Group was able to agree with bank restructuring or modification of terms of certain loans.

A reconciliation of the carrying amounts of loans and borrowings as at September 30, 2025 and December 31, 2024 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, 2024	10,995,214,505	3,130,622,977	174,007,009	2,738,481,848	17,038,326,339
Cash flows from financing activities:					
Additions	-	11,724,600	-	-	11,724,600
Repayments	(159,475,916)	(229,491,711)	(21,142,978)	(304,237,225)	(714,347,830)
	(159,475,916)	(217,767,111)	(21,142,978)	(304,237,225)	(702,623,230)
Non-cash financing activities:					
Gain on debt modification, net	(471,893,237)	-	-	-	(471,893,237)
Dacion En Pago (Note 6)	(800,000,000)	-	-	-	(800,000,000)
Additions in lease liabilities	-	-	-	659,318,447	659,318,447
Reclassification	2,021,105,680	(1,702,542,335)	-	-	318,563,345
Restatement of foreign currency denominated loans	696,825	-	-	28,233,574	28,930,399
	749,909,268	(1,702,542,335)	-	687,552,021	(265,081,046)
Balance at December 31, 2024	11,585,647,857	1,210,313,531	152,864,031	3,121,796,644	16,070,622,063
Cash flows from financing activities:					
Additions	-	72,909,800	-	-	72,909,800
Repayments	(315,853,396)	(147,011,991)	(41,363,606)	(357,044,014)	(861,273,007)
	(315,853,396)	(74,102,191)	(41,363,606)	(357,044,014)	(788,363,207)
Non-cash financing activities:					
Reclassification	13,919,727	-	-	-	13,919,727
	13,919,727	-	-	-	13,919,727
Balance at September 30, 2025	11,283,714,188	1,136,211,340	111,500,425	2,764,752,630	15,296,178,583

The reclassification for the years ended September 30, 2025 and December 31, 2024 are related to loan restructurings in which the outstanding balances of bank loans and unpaid interests are converted into term loans. The unpaid interests are presented under trade and other payables in the statements of financial position.

10.1 Term loans

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

	Notes	Security	Terms	Interest rates	Outstanding balance	
					September 30, 2025	December 31, 2024
China Banking Corporation (CBC)	b.1	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 Suretyship	15 years	5.00%	1,744,700,806	1,766,729,006
Land Bank of the Philippines (LBP)	k	MT Chelsea Intrepid, MT BMI Patricia	8 years	5.00%	1,077,447,710	1,104,941,460
Philippine Business Bank (PBB)	c.2	MV Eagle, MV Archer, MV Saturn	8 years	3.00% - 7.00%	803,073,429	809,172,721
CBC	b.2	Trans - Asia 2, 3, 5, 12 and 15	8 years	5.75%	642,300,000	642,300,000
Amalgamated Investment Bancorporation (AIB)	h	Unsecured	9 years	6.48%	613,629,986	599,710,259
DBP	f.3	Trans-Asia 16, 17 and 18	15 years	5.00%	547,058,550	549,807,588
PBB	c.4	Corporate/Continuing Suretyship, MV Salve Regina	8 years	3.00% - 7.00%	455,400,000	457,700,000
DBP	f.1	Corporate/Continuing Suretyship	15 years	5.00%	416,725,454	450,514,005
PBB	c.1	MT Chelsea Dominance	8 years	3.00% - 7.00%	433,944,577	433,944,577
Asia United Bank (AUB)	d.2	MTug Fortis I, MTug Fortis II MTug Fortis III, MTug Fortis V MTug Fortis VI, MTug Fortis VII MTug Fortis Mtug Fortis X	6 years	4.00%	347,083,333	417,916,667
DBP	f.2	Corporate/Continuing Suretyship MV St. Nicholas of Myra Assignment of receivables Trans-Asia 1, 8, 9 and 10, CY3	15 years	5.00%	411,373,982	415,100,000
BDO Unibank, Inc. (BDO)	a	REM, Continuing suretyship	6 years	6.50%	262,345,116	349,241,720
PBB	c.3	MV Stella Del Mar	8 years	3.00% - 7.00%	306,130,128	307,676,240
DBP	f.5	Corporate/Continuing Suretyship MV St. Camael and MV St. Saniel	15 years	5.00%	282,081,371	300,086,565
Mega International Commercial Bank Co. (MICBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	243,787,500	245,025,000
Robinsons Bank Corporation (RBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	243,787,500	245,025,000
CTBC Bank (Phils) Inc. (CTBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	243,787,500	245,025,000
Pentacapital	j	Unsecured	8 years	6 to 7.00%	205,042,335	205,042,335
Union Bank of the Philippines (UB)	l	Continuing Suretyship	9 years	3.00%	197,505,000	198,000,000
First Commercial Bank, Ltd. (FCB)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	162,525,000	163,350,000
Rizal Commercial Banking Corp.	g	Starlite Sprint I	7 years	9.50%	96,944,977	104,024,977
PBB	c.5	Pledge of shares of stocks MTug Fortis IX, MTug Fortis X	8 years	11.00%	-	13,893,988
AUB	d.1	Assignment of receivables MTug Fortis VI, MTug Fortis VII	7 years	8.02%	1,587,447	15,957,667
AUB	d.1	MTug Fortis VIII, Assignment of receivables, MTug Fortis III and MTug	7 years	8.11%	2,606,701	10,422,210
					11,672,868,402	11,982,606,985
Net discount on loans payable					(389,154,214)	(396,959,128)
					11,283,714,188	11,585,647,857

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 P394.1 million and P422.9 million as at September 30, 2025 and December 31, 2024, respectively (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 September 30, 2025 and December 31, 2024 (Note 7). These loans do not contain any financial covenants.

b. TLA or OLSA with CBC

b.1 CSC - CSC's outstanding shares

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

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

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

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

On December 18, 2024, CBC approved the restructuring of the outstanding loans and unpaid interests of CSC into an eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower interest rates for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted to a catch-up income amounting to P235.1 million, presented as part of the gain on debt modification under other income (expenses) 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 P1,254.1 million and P1,303.7 million as at September 30, 2025 and December 31, 2024, respectively. The loan is also secured by a continuing suretyship by the Parent Company and Ultimate Parent Company, and assignment of certain receivables amounting to P228.1 million as at September 30, 2025 and December 31, 2024. 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 P49.4 million, presented as part of the gain on debt modification under other income (expenses) in the consolidated statements of total comprehensive income.

Certain vessels with a net carrying amount of P932.6 million and P1,116.8 million as at September 30, 2025 and December 31, 2024, respectively, 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 September 30, 2025 and December 31, 2024 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 P684.6 million and P685.7 million as at September 30, 2025 and December 31, 2024, respectively (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 P1,302.8 million and P1,283.4 million as at September 30, 2025 and December 31, 2024, respectively, 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 P486.5 million and P464.9 million as at September 30, 2025 and December 31, 2024, respectively, 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 P738.4 million and P726.2 million as at September 30, 2025 and December 31, 2024, respectively, 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 April 12, 2017, FTC obtained interest-bearing loans amounting to P69.7 million to partially refinance the acquisition of M/Tug Fortis III and M/Tug Fortis V. The loan bears fixed interest rate of 5.56% and the principal is payable in 28 quarterly installments.

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

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

Certain trade receivables amounting to P72.8 million and P47.3 million as at September 30, 2025 and December 31, 2024, respectively, were assigned to secure the payment of these interest-bearing loans (Note 3). Moreover, certain tugboats of FTC with net carrying amounts of P188.3 million and P215.5 million as at September 30, 2025 and December 31, 2024, respectively, 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 P188.3 million and P215.5 million as at December 31, 2024, respectively, 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. 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 written notice as at the date of the issuance of the consolidated financial statements, that the loans are due and demandable, 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 temporarily 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.

A corporate suretyship by the Parent Company and certain vessels of Starlite with net carrying amounts of P731.1 million and P719.3 million as at September 30, 2025 and December 31, 2024, respectively, 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 P174.1 million and P175.1 million as at September 30, 2025 and December 31, 2024, respectively, 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).

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 years is fixed at per annum, but Trans-Asia will only pay p.a. and the is amortized over three years starting on the 4th year, without interest on interest. The interest for the year and onwards is fixed for one year based on a BVAL rate plus a with a rate of 5% per annum, 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.

Certain vessels of Trans-Asia with net carrying amounts of P995.5 million as at September 30, 2025 and December 31, 2024, 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 P2,884.9 million and P2,991.2 million as at September 30, 2025 and December 31, 2024, respectively was used as collateral to secure the payment of these loans (Note 7). Certain trade receivables amounting to P28.3 million as at September 30, 2025 and December 31, 2024 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. In 2024, DBP approved the waiver of SFFC's compliance with the debt-to-equity ratio and DSCR for the year 2024.

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.

Certain vessels of SFFC with net carrying amount of P342.6 million and P361.3 million as at September 30, 2025 and December 31, 2024, respectively, 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 - Starlite

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 P133.1 million and P127.1 million as at September 30, 2025 and December 31, 2024, respectively, 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 income (expenses) 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 income (expenses) 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 on 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 income (expenses) in the consolidated statements of total comprehensive income.

The vessel of CSC and BMI with net carrying amounts of P32.3 million as at September 30, 2025 and December 31, 2024 was used as a collateral to secure the payment of this loan (Note 7).

Interest incurred on term loans is included as part of finance costs under the other income (expenses) in the consolidated statements of total comprehensive income (Note 15.1). The related unpaid interest as at September 30, 2025 and December 31, 2024 is presented as part of accrued expenses under the trade and other payables account in the consolidated statements of financial position (Note 11).

10.2 Bank loans

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

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

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 P31.1 million and P155.5 million as at September 30, 2025 and December 31, 2024, respectively (Note 7). These loans do not include any financial covenants.

Interest incurred on bank loans is presented as part of finance costs under the other income (expenses) in the consolidated statements of total comprehensive income (Note 15.1). The related unpaid interest as at September 30, 2025 and December 31, 2024 is presented as part of accrued expenses under the trade and other payables account in the consolidated statements of financial position (Note 11).

10.3 Mortgage loans

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

	Security	Terms	Interest rates	Outstanding balance	
				September 30, 2025	December 31, 2024
BDO	Trans-Asia 1, 8, 10 CY3 REM, Continuing suretyship	10 years	6.50%	110,086,303	146,781,739
Toyota Financials	Chattel mortgage on transportation equipment	3 years	10.07%	998,807	5,292,406
Eastwest	Chattel mortgage on transportation equipment	3 years	9.71%	415,315	789,886
				111,500,425	152,864,031

Mortgage loans pertain to loans obtained by the Group to finance the acquisition of certain properties and transportation equipment. These loans bear average effective interest rates ranging from 6.75% to 10.28% in both 2024 and 2023. Interest incurred on these loans are included as part of finance costs under the other income (charges) section of the consolidated statements of profit or loss (Note 15.1). These loans do not contain any financial covenants.

These loans are secured by certain properties and transportation equipment with total carrying amount of P176.9 million as at September 30, 2025 and December 31, 2024 (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.

As at September 30, 2025 and December 31, 2024, the Group had not committed to any leases, which had not commenced.

11 Trade and other payables

The details of the account follow:

	Notes	September 30, 2025	December 31, 2024
Trade payables	6, 17.2	5,858,621,018	5,399,195,369
Accrued expenses	10, 17.2	1,033,809,448	1,101,210,091
Subscription payable	8.1	781,249,998	781,249,998
Deferred output VAT		518,889,914	558,616,719
Non-trade payables	17.6	500,000,000	500,000,000
Government-related obligations		346,097,726	365,021,739
Output VAT payable		421,081,460	216,232,684
Deferred income		11,390,244	9,212,953
Provisions	20.3	26,955,942	26,955,942
Others	7	90,824,214	98,215,923
		9,588,919,964	9,055,911,418

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

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 investments in associate that remains unpaid as of September 30, 2025 and December 31, 2024 (Note 8.1).

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

12 Cost of sales and services

The details cost of sales and services for each of the nine months ended September 30 are shown below.

	Notes	2025	2024
Bunkering	4, 17.2	2,123,130,993	1,963,008,935
Depreciation and amortization	7	1,343,088,269	1,122,835,225
Salaries and employee benefits		445,583,954	402,538,544
Outside services		268,771,453	261,327,191
Repairs and maintenance		279,274,052	224,930,622
Insurance		147,241,145	154,069,950
Handling costs		178,953,626	154,849,419
Cost of inventories sold		117,435,744	82,120,300
Supplies		81,016,521	65,554,935
Port expenses		81,707,050	65,602,331
Utilities and communication		41,086,838	35,761,359
Rentals		42,096,050	44,451,300
Charter hire fees		23,549,327	134,474,274
Taxes and licenses		27,632,861	18,812,194
Commission		9,977,248	21,599,210
Transportation and travel		16,544,195	12,814,801
Representation and entertainment		837,331	1,082,557
Professional fees		4,000	29,682
Miscellaneous		46,817,716	63,507,279
		5,274,748,373	4,829,370,108

13 Operating expense

The details of operating expenses for each of the nine months ended September 30 are shown below.

	Notes	2025	2024
Salaries and employee benefits		358,481,202	312,898,120
Outside services		62,997,451	73,421,188
Rentals		43,238,673	28,234,673
Taxes and licenses		26,683,792	43,935,141
Depreciation and amortization	7,9	35,676,519	44,932,604
Transportation and travel		19,803,693	22,471,410
Utilities and communication		19,554,592	17,102,164
Supplies		10,295,679	9,921,113
Repairs and maintenance		9,552,990	6,000,039
Professional fees		12,050,989	17,043,957
Representation and entertainment		43,124,602	11,015,484
Advertising and promotions		5,785,960	5,384,725
Insurance		1,220,983	1,342,000
Miscellaneous		138,476,604	72,682,956
		786,943,729	666,385,574

14 Salaries and employee benefits

14.1 Post-employment defined benefit

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 plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five periods of credited service. Normal retirement benefit is an amount equivalent to 22.5 days' pay for every year of credited service.

In 2024, the Group amended the retirement plan given to regular employees as follows:

- Less than six (6) years of credited services - an amount equivalent to 22.5 days of the plan salary for every year of service;
- Six (6) years but less than 11 years of credited services - 100% of the plan salary for every year of service;
- 11 years but less than 16 years of credited services - 125% of the plan salary for every year of service;
- 16 years to 20 years of credited services - 150% of the plan salary for every year of service; and
- More than 20 years - 175% of the plan salary for every year of service;

The Group also provides late retirement benefits but not beyond age 65, on a case-to-case and yearly extension basis and subject to the consent of the Group. A percentage of the plan salary for every year of credited service up to 200% if more than 10 years. It also covers death and total permanent disability which is equivalent to 100% of plan salary for every year of credited service.

The above amendments to the retirement plan of the Group resulted in recognition of past services costs for the year ended December 31, 2024.

TASLI defined benefit plan

The post-employment defined benefit plan of Trans-Asia also provides for an early retirement for employees who have served or worked continuously for a period equivalent to the last salary for every year of service as shown below.

- (i) For regular employees who were hired before December 1, 2006
 - more than two periods to five periods - 7.5 days per year of service
 - five periods and years to 10 periods - 15 days per year of service
 - ten periods and years to 15 periods - 22.5 days per year of service
 - 15 periods and years and above - 30 days per year of service
- (ii) For regular employees who were hired starting December 1, 2006
 - Five periods and years to nine periods - 7.5 days per year of service
 - Nine periods and years to 15 periods - 15 days per year of service
 - 15 periods and five months to 20 periods - 22.5 days per year of service
 - 20 periods and years and above - 30 days per year of service

Further, Trans-Asia has provided its employees an opportunity to avail an advance on their retirement benefit. These can be availed by employees who were hired before December 31, 2006 and has rendered more than two periods of service to Trans-Asia and by employees who has been hired starting December 31, 2006 and has rendered at least five periods and years of service to Trans-Asia. The total number of periods of service of employees who availed of advance payment of a portion of his/her retirement shall deducted with the number of periods he/she availed as advance retirement.

Actuarial valuations are made regularly to update the retirement benefit expense and the amount of contributions.

Retirement benefit asset

The retirement benefit asset presented in the statements of financial position as at September 30, 2025 and December 31, 2024 pertains to the funded retirement plan of MI, a subsidiary of CSC. In 2017, MI transferred all its regular employees to CMMRI, another subsidiary of CSC, however, the funded retirement plan remains with MI.

Retirement benefit obligation

The amounts of retirement benefit obligation recognized in the consolidated statements of financial position as at September 30, 2025 and December 31 are determined as follows:

	September 30, 2025	December 31, 2024
Present value of the obligation	357,476,282	357,476,282
Fair value of plan assets	(47,436,460)	(47,436,460)
	310,039,822	310,039,822

15 Other income (expenses), net

15.1 Finance costs

The details of the account follow:

	Note	2025	2024
Interest expense	10	665,991,780	790,632,510
Foreign currency exchange losses		33,738,109	29,692,693
Bank charges		1,657,735	1,277,900
		701,387,624	821,603,103

15.2 Finance income

Finance income consists of interest income earned from cash in banks.

15.3 Other income, net

Other income includes gain on sale of scrap materials, excess customer charges over baggage, beddings and other services.

16 Income taxes

16.1 Current and deferred taxes

The components of tax expense as reported in the consolidated statements of total comprehensive income for each of the nine months ended September 30 are shown below.

		2025	2024
<i>Recognized in profit or loss:</i>			
Regular corporate income tax at 25%	P	48,396,570	38,842,901
Final tax at 20% and 7.5%		4,918	13,247
		48,401,488	38,856,148

The net deferred tax assets of the Parent Company and certain subsidiaries as at September 30, 2025 and December 31, 2024 pertain to the following:

	2025	2024
Revaluation reserves on property and equipment	(66,722,899)	(66,722,899)
Post-employment benefit obligation	55,760,494	55,760,494
MCIT	35,470,885	35,470,885
Impairment losses on trade and other receivables	33,749,298	33,749,298
Impairment losses on property and equipment	29,037,205	29,037,205
Leases	14,985,057	14,985,057
Gain on debt modification	(9,991,993)	(9,991,993)
Share-based compensation	8,344,660	8,344,660
Unrealized foreign exchange loss	7,700,154	7,700,154
Others	1,036,130	1,036,130
	109,368,990	109,368,990

The net deferred tax liabilities of certain subsidiaries as at September 30, 2025 and December 31, 2024 are as follows:

	2025	2024
Revaluation reserves on property and equipment	(666,341,428)	(666,341,428)
Gain on debt modification	(167,426,296)	(167,426,296)
Impairment losses on trade and other receivables	129,501,057	129,501,057
Leases	(55,439,912)	(55,439,912)
Capitalized borrowing costs	(30,334,236)	(30,334,236)
Impairment losses on property and equipment	6,681,144	6,681,144
Provisions	6,676,795	6,676,795
Post-employment benefit obligation	3,834,880	3,834,880
Unamortized foreign exchange gain	(2,371,109)	(2,371,109)
Share-based compensation	837,977	837,977
Unamortized past service costs	-	-
MCIT	-	-
Others	14,734	14,734
	(774,366,393)	(774,366,393)

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 nine months ended September 30, 2025 and 2024 and the related outstanding balances as of September 30, 2025 and December 31, 2024 is presented below.

	Notes	Amount of transactions		Due from (due to)	
		2025	2024	September 30, 2025	December 31, 2024
Parent Company:					
Cash advances granted	17.4	(39,879)	-	7,105,720,825	7,105,760,704
Associate:					
Sale to Dito	8, 17.4	-	-	271,874,967	271,874,967
Related parties under common ownership:					
Chartering of services rendered	17.1	-	-	55,471,143	55,471,143
Fuel purchases	17.2	119,881,392	183,610,558	(2,978,907,956)	(2,924,642,783)
Acquisition of CSC's shares	17.6	-	-	(500,000,000)	(500,000,000)
Cash advances granted	17.4	-	-	86,032,238	86,032,238
Cash advance obtained	17.4	-	-	(504,000,000)	(504,000,000)
Right-of-use assets	7, 17.7	-	(5,552,180)	-	-
Lease liabilities	10.4, 17.7	-	5,118,195	-	-
Stockholder -					
Cash advances granted	17.4	61,761,671	(53,938,607)	234,712,089	172,950,418

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 September 30, 2025 and December 31, 2024 is presented as part of trade receivables under the trade 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 September 30, 2025 and December 31, 2024 based on management's assessment.

17.2 Fuel purchases

The Group purchases fuel and lubricants from PPPI, a related party under common ownership. Fuel consumed is included as part of bunkering under the cost of sales and services in the consolidated statements of total comprehensive income (Note 12) while the remaining fuel and lubricants inventory amounting to P88.1 million as at December 31, 2024, are included as part of inventories in the consolidated statements of financial position (Note 4). 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 September 30, 2025 and December 31, 2024 is presented as part of trade payables and accrued expenses under trade and other payables in the consolidated statements of financial position (Note 11).

17.3 Rentals

The Group entered into a one-year contract of lease covering vehicles with Valueleases, Inc., a related party under common ownership, renewable at the end of the lease term upon mutual agreement of the parties. Related expense is presented as part of rentals under cost of sales and services in the consolidated statements of total comprehensive income (Notes 12). The Outstanding security deposits arising from this transaction is presented as part of security deposits under the other non-current assets in the consolidated statements of financial position (Note 9).

17.4 Advances to and from related parties

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

As at September 30, 2025 and December 31, 2024, the outstanding receivable and payable balances from these advances are shown as advances to related parties and advances from related parties, respectively, in the consolidated statements of financial position. These advances have no repayment terms and are payable in cash on demand or through offsetting arrangement with the related parties.

The movements in advances to related parties for the periods ended September 30, 2025 and December 31, 2024 are as follows:

	Ultimate parent company	Associate	Related parties under common ownership	Stockholders	Total
September 30, 2025					
Balance at beginning of year	7,105,760,704	271,874,967	86,032,238	172,950,418	7,636,618,327
Advances	(39,879)	-	-	61,761,671	61,721,792
Balance at end of year	7,105,720,825	271,874,967	86,032,238	234,712,089	7,698,340,119
December 31, 2024					
Balance at beginning of year	7,117,460,312	271,874,967	86,032,238	150,885,270	7,626,252,787
Advances	-	-	-	22,065,148	22,065,148
Collections	(11,699,608)	-	-	-	(11,699,608)
Balance at end of year	7,105,760,704	271,874,967	86,032,238	172,950,418	7,636,618,327

Based on management's assessment, no impairment loss is recognized in 2025 and 2024 related to the advances granted to related parties (Note 23.2).

17.5 Transactions with post-employment 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 P49.3 as at September 30, 2025 and December 31, 2024. As of September 30, 2025 and December 31, 2024, the Group's retirement funds do not include any investments in debt or equity securities issued by the Group or any of its related parties.

The details of the contributions of the Group and benefits paid out by the plan to employees are presented in Note 14.2.

17.6 Acquisition of CSC shares

On November 24, 2016, the Parent Company acquired all of the outstanding shares of CSC from PPPI, a related party under common ownership, for a total consideration of P2.0 billion. The carrying amounts of the consolidated assets and liabilities of CSC at the time of acquisition amounted to P8.4 billion and P5.4 billion, respectively. The excess of the net identifiable assets over the acquisition price is presented as other reserves under the equity section of the consolidated statements of financial position (Note 8.3).

As at September 30, 2025 and December 31, 2024, the outstanding liability from this transaction amounting to P500.0 million is presented as Non-trade payables under the trade and other payables account in the consolidated statements of financial position (Note 11).

17.7 Lease

Under PFRS 16, the Parent Company recognized right-of use assets and lease liabilities related to lease of a certain office space from a related party under common ownership amounting to P39.4 million and P43.0 million, and P38.9 million and P43.5 million, respectively, in the consolidated statements of financial position (Notes 7 and 10.4). The total amortization on the right-of-use asset is presented as part of depreciation and amortization under other operating expenses in the consolidated statements of total comprehensive income (Note 13). Interest expense arising from the lease liabilities is recognized as part of finance costs under other income (charges) in the consolidated statements of profit or loss (Note 15.1).

17.8 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.

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 due from related parties who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the debtor and the debtors' payment history. The net carrying amounts of due from related parties at the end of the reporting period and the amount and timing of recorded expenses would therefore differ based on actual experience and changes in judgments made.

18 Equity

18.1 Share capital

Share capital as September 30, 2025 and December 31, 2024 consists of:

	Shares		Amount	
	2025	2024	2025	2024
Preferred shares - P1 par value				
Authorized	10,000,000	10,000,000	10,000,000	10,000,000
Issued and outstanding	500,000	500,000	500,000	500,000
Common shares - P1 par value				
Authorized	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000
Issued				
Balance at beginning of the year	1,899,768,615	1,899,768,615	1,899,768,615	1,899,768,615
Issuance during the year	-	-	-	-
Balance at end of the year	1,899,768,615	1,899,768,615	1,899,768,615	1,899,768,615
Subscription receivable				
Balance at beginning of the year	243,750,000	243,750,000	131,250,000	131,250,000
Subscribed during the year	-	-	-	-
Paid during the year	-	-	-	-
Balance at end of the year	243,750,000	243,750,000	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 September 30, 2025 and December 31, 2024, the Parent Company's listed shares closed at P1.03 and P1.31, 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 September 30, 2025 and December 31, 2024 in the consolidated statements of financial position.

In 2023, the Parent Company collected from Udenna a partial payment of the subscription receivable amounting to P489.0 million, which 150,000,000 was presented as part of subscribed and 339,000,000 shares as part of APIC as at September 30, 2025 and December 31, 2024 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 post-employment defined benefit plan and cumulative translation adjustments on financial statements of foreign subsidiaries.

The components and reconciliation of other comprehensive income presented in the consolidated statements of changes in equity for each of the periods ended September 30, 2025 and December 31, 2024 at their aggregate amount under the revaluation reserves account are shown below.

	Revaluation of property and equipment (Note 7)	Remeasurements on post-employment benefit plan (Note 14.2)	Cumulative translation adjustments	Total
Balance as at January 1, 2025	1,734,044,478	113,664,577	1,876,827	1,849,585,883
Transfer to retained earnings				
Depreciation of revalued vessels	(41,446,43)	-	-	(41,446,43)
Balance at September 30, 2025	1,692,598,047	113,664,577	1,876,827	1,808,139,452
Balance as at January 1, 2024	1,811,469,432	103,483,674	2,116,529	1,917,069,636
Revaluation increment (Note 7)	218,916,615	-	-	218,916,615
Remeasurements of post-employment benefit obligation (Note 14.2)	-	14,425,595	-	14,425,595
Currency exchange differences on translating financial statements of foreign operations	-	-	(239,702)	(239,702)
Other comprehensive income	218,916,615	14,425,595	(239,702)	233,102,508
Income tax expense	(54,729,154)	(4,244,692)	-	(58,973,846)
Other comprehensive income after tax	164,187,461	10,180,903	(239,702)	174,128,662
Transfer to retained earnings				
Depreciation of revalued vessels	(241,612,415)	-	-	(241,612,415)
Balance at December 31, 2024	1,734,044,478	113,664,577	1,876,827	1,849,585,883

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 interests represent the interest not held by the Group in Trans-Asia. The balance as at September 30, 2025 and December 31, 2024 represents preferred shares subscription of certain individuals in Trans-Asia. These shares are non-voting and redeemable at the option of Trans-Asia.

18.5 Employee stock option plan

On February 13, 2019, the BOD of the Parent Company approved an ESOP covering all regular employees with at least one year of service from the date of grant. This was subsequently ratified by stockholders holding at least two-thirds of the outstanding capital stock on March 15, 2019. The objective of the ESOP is to recognize the loyalty, dedication and exemplary performance of the employees of the Group, thereby encouraging long-term commitment to the Group.

Under the ESOP, the Parent Company shall initially reserve for exercise of stock options up to 56.3 million common shares of the Parent Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares, 66.67% of which were granted to existing employees as of the initial offering date (IOD) while the remaining 33.33% is reserved for employees hired after the IOD. Stock options may be granted within five years from the adoption of the ESOP and may be exercised within 10 years from the date of grant. The exercise price shall be based on the volume weighted average price of the Parent Company 30 days prior to the 100. The options shall vest for a period of one to five years from the IOD. The Group shall receive cash for the stock options.

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

As at September 30, 2025 and December 31, 2024, pursuant to the ESOP, the Group has granted the option to its eligible employees to subscribe to 37.6 million shares of the Parent Company. An option holder may exercise in whole or in part his vested option, provided that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. No options have been exercised as at September 30, 2025 and December 31, 2024.

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

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

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

Critical accounting estimate and assumptions - Fair value measurement of stock options

The Group estimates the fair value of the stock options by applying an option valuation model, taking into account the terms and conditions on which the stock options were granted. The estimates and assumptions used include, among other things, the option life, average standard deviation of share price returns and applicable risk-free investment rate. Changes in these factors can affect the fair value of stock options at grant date.

On October 28, 2022, the Parent Company's BOD approved the change in the subscription price to P3.99 per share as stipulated in the amended Employee Stock Option Plan (the ESOP). This change was applied prospectively from the date of approval and resulted in an increase in share options expense totaling to P18.8 million in 2022 (Note 18.5). There were no amendments made to the ESOP in 2024 and 2023.

19 Earnings (loss) per share

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

		2025		2024
Net income (loss)	P	155,333,177	(P	340,015,872)
Divided by weighted average shares outstanding		2,144,018,615		2,144,018,615
Earnings (loss) per share – basic and diluted	P	0.072	(P	0.159)

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 September 30, 2025 and December 31, 2024. There were no outstanding convertible preferred shares and bonds or other stock equivalents as at September 30, 2025 and December 31, 2024, hence, diluted earnings per share is equal to the basic earnings per share.

20 Commitments and contingencies

20.1 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, 2024.

20.2 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 is recognized as a separate asset not exceeding the amount of the related provision. Judgment is exercised by management to distinguish between provisions and contingencies.

21 Goodwill

Goodwill recognized in the consolidated financial statements primarily comprises the value of expected synergies from the acquisition of subsidiaries as part of the Group's expansion program and is derived by deducting the fair values of the net assets acquired as of the date of acquisition from the amount of total consideration paid.

The gross carrying amount and accumulated impairment loss of goodwill as at December 31 are as follows:

	2025	2024
Cost	1,848,378,146	1,848,378,146
Accumulated impairment loss	(74,294,814)	(74,294,814)
Net carrying amount	1,774,083,332	1,774,083,332

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 are involved in the logistics services such as but not limited to cargo freight forwarding (air, land and sea), cargo consolidation, courier services, distribution, trucking, warehousing, customs brokerage, packing and crating, etc.;
- (e) Ship management and crewing services is involved in the business of ship management and in providing full and partial crewing for domestic and foreign vessels; and,
- (f) Investing and other activities include holding companies.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee, its chief operating decision-maker. The Executive Committee is responsible for allocating resources and assessing performance of the operating segments.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

22.2 Segment assets and segment liabilities

Segment assets include all operating assets used by each business segment and consist principally of operating cash, receivables, inventories and property and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities include all operating liabilities used by each segment and consist principally of accounts, wages, taxes currently payable and accrued liabilities.

22.3 Intersegment transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation and combination in 2025 and 2024.

22.4 Analysis of segment information

The tables below present revenue and profit information regarding business segments for each of the nine months ended September 30, 2025 and 2024 and assets and liabilities information regarding segments as at September 30, 2025 and December 31, 2024.

	Investing and Other Activities	Tankering	Tugboats	Roll-on/ Roll-off Passenger	Distribution and Warehousing	Ship Management and Crewing	Total
September 30, 2025							
Segment results							
Sales to external customers	-	685,177,511	261,673,909	5,459,093,269	469,863,529	-	6,875,808,218
Intersegment sales	250,966,800	-	55,361,571	67,950,000	-	362,094,442	736,372,813
Total revenues	250,966,800	685,177,511	317,035,480	5,527,043,269	469,863,529	362,094,442	7,612,181,031
Cost of sales and services	-	525,112,939	252,468,424	4,443,274,566	280,342,117	281,220,088	5,782,418,134
Other operating expenses	154,617,720	65,140,500	30,073,595	544,554,327	168,262,843	36,327,111	998,976,096
Finance costs	44,850,976	269,446,633	1,977,222	411,443,479	930,920	235,799	728,885,029
Finance income	(27,901,284)	(6,833)	(8,136)	(53,788)	(19,448)	(1,770)	(27,991,259)
Other loss (income)	(2,392,184)	(2,185,771)	13,659,302	(69,679,690)	-	(1,499,585)	(62,097,928)
	169,175,228	857,507,468	298,170,407	5,329,538,894	449,516,432	316,281,643	7,420,190,072
Segment operating profit (loss)	81,791,572	(172,329,957)	18,865,073	197,504,375	20,347,097	45,812,799	191,990,959
Segment assets and liabilities							
Total assets	34,423,326,329	7,961,796,616	747,381,695	15,891,495,535	298,566,670	834,385,827	60,156,952,672
Total liabilities	18,099,105,966	9,386,265,500	95,708,679	17,623,953,538	140,390,806	584,480,832	45,929,905,321
September 30, 2024							
Segment results							
Sales to external customers	-	556,750,034	304,775,100	4,743,545,744	386,593,413	-	5,991,664,291
Intersegment sales	291,983,106	-	34,969,373	67,950,000	-	319,902,165	714,804,644
Total revenues	291,983,106	556,750,034	339,744,473	4,811,495,744	386,593,413	319,902,165	6,706,468,935
Cost of sales and services	-	525,669,198	244,081,116	4,015,847,413	243,692,347	254,560,444	5,283,850,518
Other operating expenses	128,790,126	111,161,140	34,803,859	526,860,161	75,061,124	29,475,995	906,152,405
Expected credit losses on receivables	-	-	-	228,000	589,620	-	817,620
Finance costs	64,000,470	324,701,853	3,201,967	422,732,291	1,815,344	5,151,178	821,603,103
Finance income	(153,681)	(19,137)	(204,756)	(44,466)	(94,200)	(2,749)	(518,989)
Other loss (income)	(1,118,201)	(1,966,787)	(16,582,274)	(53,421,174)	-	(1,448,873)	(74,537,309)
	191,518,714	959,546,267	265,299,912	4,912,202,225	321,064,235	287,735,995	6,937,367,348
Segment operating profit (loss)	100,464,392	(402,796,233)	74,444,561	(100,706,481)	65,529,178	32,166,170	(230,898,413)
Segment assets and liabilities							
Total assets	34,277,079,250	8,073,700,757	804,077,974	15,788,998,863	373,127,593	865,900,678	60,182,885,115
Total liabilities	18,081,542,259	9,332,823,366	170,430,561	17,652,055,548	223,785,059	652,362,426	46,112,999,219

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

	2025	2024
Revenues		
Total segment revenues	7,612,181,031	6,706,468,935
Elimination of intersegment revenues	(736,372,813)	(714,804,644)
Reported as profit or loss	6,875,808,218	5,991,664,291
Profit or loss		
Segment operating income (loss)	191,990,959	(230,898,413)
Other unallocated expense	11,743,706	(70,261,311)
Income (loss) before tax as reported in profit or loss	203,734,665	(301,159,724)
Assets		
Segment assets	60,156,952,672	60,182,885,115
Elimination of intercompany accounts	(28,802,697,708)	(28,770,012,021)
Total assets as reported in the consolidated of financial position	31,354,254,964	31,412,873,094
Liabilities		
Segment liabilities		
	45,929,905,321	46,112,999,219
Elimination of intercompany accounts	(18,991,738,724)	(18,960,881,315)
Total liabilities as reported in the consolidated of financial position	26,938,166,597	27,152,117,904

22.5 Disaggregation of revenues from contracts with customers

The disaggregation of revenues based on the timing of satisfaction of performance obligations for the nine months ended September 30 are shown below.

	2025	2024
Revenues recognized over time:		
Freight	3,132,061,351	2,784,026,256
Passage	2,056,101,313	1,717,002,378
Charter fees	685,177,511	634,748,032
Other service revenues	484,394,129	390,362,593
Tugboat fees	261,673,909	304,775,100
	6,619,408,213	5,830,914,359
Revenues recognized at a point in time -		
Sale of goods	256,400,005	160,749,932
Total revenues	6,875,808,218	5,991,664,291

23 Risk management objectives and policies

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	2025	2024
Cash in bank and cash equivalents	2	346,610,748	317,837,548
Trade and other receivables, net (excluding advances to officers and employees)	3	819,812,642	635,072,319
Restricted cash	5, 9	11,925,953	9,291,065
Security deposits	9	18,712,217	46,823,449
Advances to related parties	17.4	7,698,340,119	7,636,618,327
		8,895,401,679	8,645,642,708

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 September 30, 2025 and December 31, 2024, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at September 30, 2025 and December 31, 2024 was determined based on months past due, as follows for trade receivables (Note 3).

	Current	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months	Total
September 30, 2025					
Expected loss rate	0.71%	11.38%	11.01%	86.76%	
Gross carrying amount - trade receivables	231,244,584	265,241,764	63,119,356	1,030,702,718	1,529,255,976
Loss allowance	1,635,577	30,183,746	6,952,478	841,306,349	880,078,151
December 31, 2024					
Expected loss rate	0.65%	30.44%	55.84%	82.13%	
Gross carrying amount - trade receivables	250,388,283	99,146,186	12,449,854	1,024,405,054	1,386,389,376
Loss allowance	1,635,577	30,183,746	6,952,478	841,306,349	880,078,151

The Group also considers the existence of financial liabilities, which may be offset against the outstanding trade receivables with the same counterparty. Portion of the financial assets past due for more than three months in both years pertain to the trade receivables from PPPI. The management believes that such receivables are not impaired as it may be offset against the Group's outstanding liabilities to PPPI (Notes 17.1 and 17.2).

For due from agencies and claims receivable, no impairment losses were also recognized as these are assessed to be recoverable as there were no historical defaults from the authorized transacting agencies. Furthermore, the Group's advances to related parties are repayable on demand and the contractual period refers only to the short period needed to transfer the cash once demanded. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date, taking into consideration historical defaults from the related parties. The Group also considers possible recovery strategies and the expected manner in which those will be realized and cash would be available for payment of the advances. Management assessed that the outstanding advances from related parties as at September 30, 2025 and December 31, 2024 are recoverable since these the related parties were assessed to have a capacity to pay the advances upon demand and there were no historical defaults. Hence, no impairment is necessary.

c. Security deposits

The credit risk for security and other deposits is also considered negligible as the Group has ongoing lease agreements with the counterparties and the latter are considered to be with sound financial condition and sufficient liquidity.

d. Restricted cash

The restricted cash presented as part of other current assets (Note 5) and other non-current assets (Note 9) as at September 30, 2025 and December 31, 2024 was set up by the Group in relation to the term loan agreement and maintained by in a reputable bank. The Group assesses that the debt service reserve account has 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.

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 September 30, 2025 and December 31, 2024, management considers that the carrying amounts of the financial instruments approximate their fair values.

	Notes	2025		2024	
		Carrying amounts	Fair values	Carrying amounts	Fair values
Financial assets					
At amortized cost:					
Cash and cash equivalents	2	346,610,748	346,610,748	317,837,548	317,837,548
Trade and other receivables, net	3	819,812,642	819,812,642	635,072,319	635,072,319
Restricted cash	6, 9	11,925,953	11,925,953	9,291,065	9,291,065
Security deposits	6, 9	18,712,217	18,712,217	46,823,449	46,823,449
Advance to related parties	17.4	7,698,340,119	7,698,340,119	7,636,618,327	7,636,618,327
		8,895,401,679	8,895,401,679	8,645,642,708	8,645,642,708
Financial liabilities					
At amortized cost:					
Trade and other payables	11	6,892,430,466	6,892,430,466	6,289,554,005	6,289,554,005
Interest bearing loans	10	12,531,425,953	12,531,425,953	12,948,825,419	12,948,825,419
Advances from related parties	17.4	504,000,000	504,000,000	504,000,000	504,000,000
		19,927,856,419	19,927,856,419	19,742,379,424	19,742,379,424

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 2024 and 2023 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 P7,753.8 million and P7,247.3 million as of September 30, 2025 and December 31, 2024, respectively, may be offset against the outstanding balances of trade and other payables and cash advances obtained from related parties totaling P3,982.9 million and P3,928.7 million as of September 30, 2025 and December 31, 2024, respectively.

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 September 30, 2025 and December 31, 2024.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments.

25.3 Fair value measurements of non-financial assets

The fair values of the Group's vessels, included as part of property and equipment account, were generally determined based on the appraisal reports of professional and independent appraisers with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations (Note 7). To some extent, the valuation process was conducted by the appraisers in discussion with the Group's management with respect to the determination of the inputs such as the size, age, capacity and condition of the vessels. In estimating the fair value of these vessels, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair value of vessels was determined using a combination of cost approach and market approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction and major repairs or part replacements such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

As at December 31, 2024, the fair value of the land classified under investment properties amounted to P145.0 million as determined by reference to current prices for similar properties in the same location and condition. Accordingly, the Group's investment properties as at September 30, 2025 and December 31, 2024 is not impaired.

The valuation of these non-financial assets is 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:

	September 30, 2025	December 31, 2024
Total liabilities	26,938,166,597	27,152,117,904
Total equity	4,416,088,367	4,260,755,190
Debt-to-equity ratio	6.10 :1.00	6.37:1.00

The Group's goal in capital management is to maintain a debt-to-equity structure ratio, which is in line with the Group's covenants related to its bank borrowings (Note 10).

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and total liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

27 Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards require management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

27.1 Critical management judgments in applying accounting policies

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

- Going Concern Assumptions

The Group prepares consolidated financial statements on a going concern basis unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so. When the management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Group shall disclose those uncertainties in the consolidated financial statements.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The degree of consideration depends on the facts in each case. Management also considers a wide range of factors relating to current and expected profitability, drydocking and expected capitalization of such costs, debt repayment schedules, and potential sources of replacement. As more fully disclosed in Note 1.3, management concluded that the Group will continue as a going concern entity.

- Impairment of inventories (Note 4)
- Recoverability of input VAT and creditable withholding taxes (Note 5)
- Impairment of property and equipment (Note 7)

- Determination of significant influence over entities in which the Group holds less than 20% ownership (Note 8)
- Impairment of investment in associate and joint venture (Note 8)
- Determination of lease term (Note 10)
- Income taxes; Recoverability of DIT assets (Note 16)
- Recoverability of trade receivables from related parties and advances to related parties (Note 17)
- Recognition of provisions and contingencies (Note 20)

27.2 Critical accounting estimates and assumptions

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

- Expected credit losses (ECL) on trade and other receivables (Note 3) and advances to related parties (Note 17)
- Estimated useful lives of property and equipment (Note 7)
- Fair value estimation of vessel and vessel equipment (Note 7)
- Determining the incremental borrowing rate (Note 10)
- Valuation of post-employment defined 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 financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

28.1 Basis of preparation of interim condensed consolidated financial statements

The accompanying unaudited interim condensed consolidated financial statements of the Group as at September 30, 2025 and for the nine months ended June 31, 2025 and 2024 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at December 31, 2024.

The 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 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

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those of the previous financial year, except for the adoption of amendments effective as at January 1, 2025. Unless otherwise indicated, adoption of the new standard did not have an impact on the unaudited interim condensed consolidated financial statements of the Group.

There are no standards, amendments and interpretations which are effective for the financial year beginning January 1, 2025, that are relevant to and have a material impact on the Group's 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).

Revalued amounts represent fair values determined based on valuation performed every after drydocking, which is generally done once every two years. Revaluations are performed and determined by independent appraisers and by management, for certain vessels. In addition, appraisal of vessels is conducted more frequently if market factors indicate a material change in fair value (Note 25.3).

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.

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.

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.

In determining the appropriate method to use in recognizing the Group's revenues from TC, CVC, passage, freight, tugboat fees and other services, management determines that revenue is recognized over time 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.

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 September 30, 2025 and 2024. The following discussions should be read in conjunction with the attached Unaudited Consolidated Financial Statements of the Group as of September 30, 2025 and 2024.

Comparable discussion on Material Changes in Results of Operations for the period ending September 30, 2025 and 2024.

<i>Amounts in millions (Php)</i>	September					
	2025	%Rev	2024	%Rev	% Change	
Revenues	P 6,876	100%	P 5,992	100%	15%	
Cost of sales and services	5,275	77%	4,829	81%	9%	
Gross Profit	1,601	23%	1,162	19%	38%	
Other operating expenses	787	11%	666	11%	18%	
Provision for expected credit losses	-	0%	1	0%	100%	
Operating profit	814	12%	495	8%	64%	
Finance cost, net	(701)	(10%)	(821)	(14%)	(15%)	
Other charges (income) - net	91	1%	25	0%	266%	
Profit (Loss) Before Tax	204	3%	(301)	(5%)	168%	
Tax expense (income)	48	1%	39	1%	25%	
Net profit (loss)	P 155	2%	(P 340)	(6%)	146%	
Add Back:						
Tax expense (income)	48	1%	39	1%	25%	
Depreciation and amortization	1,379	20%	1,168	19%	18%	
Interest expense	665	10%	791	13%	(16%)	
Interest Income	(0)	(0%)	(0)	(0%)	(48%)	
EBITDA	P 2,248	33%	P 1,658	28%	36%	

For the period ending September 30, 2025, CLIHC and its subsidiaries reported a 15% year-on-year increase in consolidated Revenues, reaching ₱6.876 Billion. This growth was primarily driven by strong performances in the Freight, Chartering, Logistics, and Food and Beverage (F&B) segments. The improvement reflects a continued recovery in cargo and passage volumes, expansion in B2B logistics, and the scaling of F&B operations, supported by an increasing number of vessels in active trade. However, vessel availability remained constrained due to extended drydocking periods and vessel operational issues.

Total Direct Costs rose by 9% which was outpaced by the growth in Revenues. This includes an 8% increase in bunkering costs, attributed to higher trip volumes and fuel price volatility. Depreciation and Amortization Expense climbed 20%, reflecting higher drydocking expenditures and the impact of vessel revaluation in Q4 2024.

Despite these cost pressures, Gross Profit surged by 38% to P1.601 Billion, up from ₱1.162 Billion in the same period last year. Gross Profit Margin improved to 23%, compared to 19% previously, driven by stronger topline performance, increased vessel utilization, and a favorable shift in contract mix toward bareboat and time chartering. Improved absorption of Fixed Service Costs also contributed to Margin expansion.

Other Operating Expenses were well managed, remaining steady at 11% of revenues, which supported a 64% increase in consolidated Operating Profit, reaching ₱814 Million.

Finance Costs declined by 15%, reflecting the benefits of the Group's ongoing loan restructuring efforts. Meanwhile, Other Income rose to ₱91 Million, boosted by increased revenues from passage-related ancillary services, consisting of charging stations, excess baggage fees, linen rentals, and upgrade fees.

As a result, the Group posted a Profit after Tax of ₱155 Million, marking a significant turnaround from the ₱340 Million Net Loss recorded in same period last year.

Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) climbed 36% to ₱2.248 Billion, up from ₱1.658 Billion in the prior year. Earnings per share stood at ₱0.072, reversing a loss of ₱0.159 the same period last year.

Financial Condition

September 30, 2025 and December 31, 2024

<i>Amounts in millions</i>	September 2025		December 2024		% Change
Current Assets	P	11,648	P	10,983	6%
Non-Current Assets		19,706		20,430	(4%)
Total Assets	P	31,354	P	31,413	(0%)
Current Liabilities	P	12,203	P	12,092	1%
Non-Current Liabilities		14,735		15,061	(2%)
Total Liabilities	P	26,938	P	27,152	(1%)
Total Equity	P	4,416	P	4,261	4%
Total Liabilities and Equity	P	31,354	P	31,413	(0%)

The Group's consolidated Total Assets remained stable across both reporting periods at ₱31 Billion. In contrast, Total Equity increased to ₱4.416 Billion, representing a 4% growth from ₱4.261 Billion as of December 2024. This uptick reflects the strong recovery in net earnings during the period.

Consequently, Book Value per Share increased to ₱2.06, up from ₱1.78 in 2024.

Comparable discussion on Material Changes in Results of Operations for the period ending September 30, 2024 and 2023.

Amounts in millions (Php)	September 30,					
	2024	%Rev	2023	%Rev	% Change	
Revenues	P 5,992	100%	P 5,346	100%	12%	
Cost of sales and services	4,829	81%	4,245	79%	14%	
Gross Profit	1,162	19%	1,102	21%	5%	
Other operating expenses	666	11%	1,030	19%	(35%)	
Provision for expected credit losses	1	0%	30	1%	(97%)	
Operating profit	495	8%	43	1%	1063%	
Finance cost, net	(821)	(14%)	(973)	(18%)	(16%)	
Other charges (income) - net	25	0%	(107)	(2%)	(123%)	
Loss before tax	(301)	(5%)	(1,037)	(19%)	(71%)	
Tax expense	39	1%	7	0%	461%	
Net loss after tax	(P 340)	(6%)	(P 1,044)	(20%)	(67%)	
Add Back:						
Tax expense (income)	39	1%	7	0%	461%	
Depreciation and amortization	1,168	19%	990	19%	18%	
Interest expense	791	13%	926	17%	(15%)	
Loss on sale of property and equipment	-	0%	90	2%	(100%)	
Impairment loss on investment	-	0%	81	2%	(100%)	
Unrealized foreign currency exchange losses	-	0%	28	1%	(100%)	
Provision for expected credit losses	1	0%	30	1%	(97%)	
Gain on pretermination of lease liability	-	0%	(6)	(0%)	(100%)	
Reversal of impairment losses on property and equipment	-	0%	(3)	(0%)	(100%)	
Interest Income	(1)	(0%)	(0)	(0%)	18%	
Adjusted EBITDA	P 1,658	28%	P 1,098	21%	51%	

For the 9-month period ending September 30, 2024, the Group's consolidated revenues reached ₱5.992 Billion, marking a 12% increase compared to 2023. This growth was fueled by strong performance across all segments, with Passage revenues rising by 20%, passage-related Sales of Goods increasing by 32%, and the Chartering business growing by 37%. The Group's current performance has exceeded the 2019 pre-pandemic revenues for the same period by 16%.

The consolidated Operating Profit increased 10.6x to ₱495 Million from ₱43 Million in 2023, outpacing topline growth. This was attributable to strong topline performance and effective cost containment measures, and partially offset by higher Direct Fixed Costs during this period. Depreciation and Amortization rose by 18% due to vessel revaluation and additional trading vessels during the period. Repairs and Maintenance Costs also increased by 31% because of vessel breakdowns. Additional vessels were chartered to meet the increased demands from customers.

Consolidated Other Operating Expenses decreased by 35% to ₱666 Million, representing 11% of revenue compared to 19% in 2023. This reduction was primarily due to a significant decrease in Outside Services Costs in 2024.

An additional Provision for Expected Credit Losses (ECL) amounting to ₱1 Million was recorded for the period. This adjustment for the total allowance for ECL was deemed sufficient to cover any doubtful accounts.

Interest Expenses decreased by 16% to ₱821 Million compared to last year, with the implementation of the Group's Liability Management Exercise (LME) pursuant to which certain interest-bearing loans were restructured during the year.

Other Income from the sale of scrap materials and from passage-related auxiliary services, such as use of charging station, excess baggage fee, linen rental, upgrade fee, etc., decreased from ₱65 Million to ₱25 Million this year.

In 2023, a non-cash asset impairment of ₱81 Million from a joint venture was recognized, along with a ₱90 Million loss on the sale of a vessel.

Despite high interest costs for the period, the Net Loss after Tax was significantly reduced by 71% to ₱301 Million from the ₱1.037 Billion loss in 2023. The Loss per Basic and Diluted Share this period is ₱0.16, an improvement from prior year's ₱0.55 Loss per Share.

The Group's Consolidated Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for the period amounted to ₱1.658 Billion, a substantial 51% increase from the same period in 2023.

Financial Condition

September 30, 2024 and December 31, 2023

Amounts in millions	Unaudited September 2024	Audited December 2023	% Change
Current Assets	11,220	10,946	2%
Non-Current Assets	21,158	22,005	(4%)
Total Assets	32,378	32,951	(2%)
Current Liabilities	14,270	15,057	(5%)
Non-Current Liabilities	14,543	13,990	4%
Total Liabilities	28,814	29,047	(1%)
Total Equity	3,564	3,904	(9%)
Total Liabilities and Equity	32,378	32,951	(2%)

The Group's consolidated Total Assets remained stable at ₱32 Billion for both periods. As the result of the Group's Liability Management Exercise (LME), certain interest-bearing loans and borrowings were reclassified from current to non-current liabilities, leading to a 5% decrease and a 4% increase,

respectively, from last year. Total Equity decreased by 9% in 2024 due to additional losses incurred during the period.

This resulted to a decrease in Book Value per Share to ₱1.66 from ₱1.82 in December 2023.

Comparable discussion on Material Changes in Results of Operations for the period ending September 30, 2023 and 2022.

Amounts in millions (Php)	September 30,						
	2023		%Rev	2022		%Rev	% Change
Revenues	P	5,346	100%	P	4,630	100%	15%
Cost of sales and services		4,245	79%		4,276	92%	(1%)
Gross Profit		1,102	21%		354	8%	211%
Other operating expenses		1,030	19%		849	18%	21%
Provision for expected credit losses		30	1%		2	0%	100%
Operating profit (loss)		43	1% (		498)	(11%)	(109%)
Finance cost, net	(	973)	(18%) (		956)	(21%)	2%
Other charges (income) - net	(	107)	(2%) (		21)	(0%)	405%
Profit (Loss) Before Tax	(	1,037)	(19%) (		1,475)	(32%)	(30%)
Tax expense (income)		7	0%		17	0%	(60%)
Net profit (loss)	(P	1,044)	(20%) (P		1,492)	(32%)	(30%)
Add Back:							
Tax expense (income)		7	0%		17	0%	(60%)
Depreciation and amortization		990	19%		934	20%	6%
Interest expense		926	17%		908	20%	2%
Loss on sale of property and equipment		90	2%	-		0%	100%
Impairment loss on investment		81	2%	-		0%	100%
Unrealized foreign currency exchange losses		28	1%		40	1%	(32%)
Provision for expected credit losses		30	1%		2	0%	100%
Gain on pretermination of lease liability	(	6)	(0%)	-		0%	100%
Reversal of impairment losses on property and equipment	(	3)	(0%)	-		0%	(100%)
Interest Income	(	0)	(0%) (		0)	(0%)	1963%
EBITDA	P	1,098	21%	P	410	9%	168%

For the 9-month period ending September 30, 2023, the financial results of CLIHC and subsidiaries, show increased revenue, improved gross profit margin, increased operating profit, and improved liquidity compared with 2022. These positive changes were despite the lingering effects of the pandemic which continued to weigh down the business, including vessel availability issues due to extended drydocking, volatile fuel costs, and inflation.

The Group posted a 15% growth in its Consolidated Revenues of ₱5.346 Billion, exceeding the levels achieved in the same period in 2022 and even those attained in pre-pandemic period in 2019 by 4%. The improvement in performance reflects the continued and accelerating growth of Freight and Passage businesses with the continuing rebound of passenger and cargo volumes, and the increasing number of vessels in trade.

Consolidated Gross Profit for the period was ₱1.102 Billion, compared to ₱354 Million in 2022 and increased primarily due to improved revenue and increased trading vessels as described above. The Gross Margin in 2023 increased to 21% of revenues compared to 8% in the prior year, reflecting the impact of improved revenues on fixed cost of services elements such as depreciation and amortization, crew costs, and repairs and maintenance costs, including the semi-variable bunkering cost.

Other operating expenses were kept at 19% of revenues, slightly higher from 18% in prior year despite the increased business activities. This was substantially driven by the increase in Labor and labor related costs by 29% to ₱269 Million year to date due to filled up vacant positions to complement current business requirements. Professional fees and representation and entertainment likewise increased.

Additional Provision for expected credit losses of ₱30 Million was set-up to uplift coverage as well as to closely monitor asset quality.

Operating results for the period was upturned to a profit of ₱43 Million compared to a loss of ₱498 Million in 2022 basically due to factors stated above.

During the third quarter of the year, a non-cash asset impairment of ₱81 Million from a joint venture was recognized. Likewise, a ₱90 Million Loss on sale of a vessel was recorded.

The combined effects of impairment and loss including Interest expense for the period resulted to a Net Loss Before Tax of ₱1.037 Billion as of September 30, 2023, or a per share loss of ₱0.32, a 30% reduction compared with a Net Loss of ₱1.492 Billion, or a ₱0.796 loss per basic and diluted share the same period in 2022.

Adjusted EBITDA in 2023 increased 168% to ₱1.098 Billion compared with ₱410 Million in 2022, reflecting the above factors

Financial Condition

September 30, 2023 versus December 31, 2022

Amounts in millions	Unaudited September 30, 2023			Audited December 31, 2022			% Change
Current Assets	P	10,646	33%	P	10,668	32%	(0%)
Non-Current Assets		21,859	67%		22,262	68%	(2%)
Total Assets	P	32,505	100%	P	32,930	100%	(1%)
Current Liabilities	P	16,680	51%	P	16,266	49%	3%
Non-Current Liabilities		12,875	40%		12,889	39%	(0%)
Total Liabilities	P	29,556	91%	P	29,155	89%	1%
Total Equity	P	2,949	9%	P	3,775	11%	(22%)
Total Liabilities and Equity	P	32,505	100%	P	32,930	100%	(1%)

The Group's Consolidated Total Assets are practically the same for both periods, posted at ₱33 Million. Total Equity went down by 22% in September 2023 due to additional losses incurred this period.

This resulted to a decrease in Book Value per Share to ₱1.54 in September 2023 from ₱2.07 in December 2022.

Key Performance Indicators and Relevant Ratios

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

	Sept. 2025	Dec. 2024	Sept. 2024	Dec. 2023	Sept. 2023
Current ratio	0.95	0.87	0.79	0.73	0.64
Debt-to-equity ratio	6.10	6.37	8.08	7.44	10.02
Book value per share	₱2.06	₱1.99	1.66	1.82	₱1.54
EBITDA margin	33%	26%	28%	22%	24%
Return on equity	4%	4%	(10%)	(29%)	(35%)
Loss per share	₱0.07	₱0.08	(₱0.16)	(₱0.59)	(₱0.55)

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

As discussed in Note 24.6 to the financial statements, the Company signed a shipbuilding agreement for the delivery of a bed/seat Ro-Ro type passenger ferry ship presently identified as Builder's No. F-1351 for delivery in June 2021

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 October 2023, the 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 Company settled two of its outstanding loans amounting to P221.8 million and P11.6 million through the issuance of 73,932,000 and 3,859,000 shares, which represents 3.25% and 0.17% of the total issued and outstanding shares of the Company, respectively (see Note 10). The conversion price for the MBTC and PERAA shares is P3.00 per share. APIC was recognized amounting to 155.6 million and is presented under Equity section as of December 31, 2023.

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.

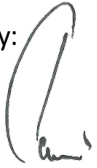
In 2024, the Group entered into a Deed of Assignment (Dacion-En-Pago) with China Banking Corporation (CBC) assigning its rights and ownership to a certain portion of its investment property with a carrying value of P1,175.8 million to CBC for a total consideration of P1,633.8 million. The consideration 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.

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


CHRYSS ALFONSUS V. DAMUY

President and CEO


DARLENE A. BINAY

Chief Financial Officer

Signed this 13th day of November 2025