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## Company Information

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**SEC Registration No.:** CS200604494
**Company Name:** METRO PACIFIC INVESTMENTS CORPORATION
**Industry Classification:** J66940
**Company Type:** Stock Corporation

## Document Information

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METRO PACIFIC INVESTMENTS

# STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR PARENT COMPANY FINANCIAL STATEMENTS

The Management of Metro Pacific Investments Corporation is responsible for the preparation and fair presentation of the parent company financial statements including the schedules attached therein, as at December 31, 2025 and 2024 and for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

**Manuel V. Pangilinan**
Chairman, President and
Chief Executive Officer

**June Cheryl A. Cabal-Revilla**
Executive Director,
Chief Finance, Risk and
Sustainability Officer

Signed this 13th day of April 2026

# C O V E R   S H E E T
for
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

| C | S | 2 | 0 | 0 | 6 | 0 | 4 | 4 | 9 | 4 |
|---|---|---|---|---|---|---|---|---|---|---|

**COMPANY NAME**

METRO PACIFIC INVESTMENTS CORPORATION

**PRINCIPAL OFFICE** *( No. / Street / Barangay / City / Town / Province )*

9th Floor, Tower 1, Rockwell Business Center, Ortigas Avenue, Pasig City

| Form Type | Department requiring the report | Secondary License Type, If Applicable |
|---|---|---|
| APFS | | N/A |

**COMPANY INFORMATION**

| Company's Email Address | Company's Telephone Number | Mobile Number |
|---|---|---|
| compliance@mpic.com.ph | (632) 8888-0888 | 09498895494 |

| No. of Stockholders | Annual Meeting (Month / Day) | Fiscal Year (Month / Day) |
|---|---|---|
| 1,462 as of 12.31.2025 | Last Friday of May | December 31 |

**CONTACT PERSON INFORMATION**

The designated contact person ***MUST*** be an Officer of the Corporation

| Name of Contact Person | Email Address | Telephone Number/s | Mobile Number |
|---|---|---|---|
| June Cheryl A. Cabal-Revilla | jcrevilla@mpic.com.ph | (632) 8888-0888 | N/A |

**CONTACT PERSON's ADDRESS**

9th Floor, Tower 1, Rockwell Business Center,
Ortigas Avenue, Pasig City

***NOTE 1 :*** *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

***2 :*** *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

# INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Metro Pacific Investments Corporation
9th Floor, Tower 1
Rockwell Business Center
Ortigas Avenue, Pasig City

## Report on the Audit of the Financial Statements

### Opinion

We have audited the parent company financial statements of Metro Pacific Investments Corporation (the Company), which comprise the parent company statements of financial position as at December 31, 2025 and 2024, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

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

### Basis for Opinion

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

### Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

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

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

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

**Auditor's Responsibilities for the Audit of the Parent Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in a separate schedule is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Metro Pacific Investments Corporation. The information has been subjected to the auditing procedures applied in our audit of the parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 111562-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-120-2025, January 14, 2025, valid until January 13, 2028
PTR No. 10765150, January 2, 2026, Makati City

April 13, 2026

**METRO PACIFIC INVESTMENTS CORPORATION**

**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**
**(Amounts in Millions)**

| | December 31 | |
|---|---|---|
| | **2025** | 2024 |
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents and short-term deposits (Notes 5, 17 and 18) | **₱7,893** | ₱9,258 |
| Restricted cash (Notes 5, 17 and 18) | **2** | 2,255 |
| Receivables (Notes 6, 17 and 18) | **57** | 69 |
| Due from related parties (Notes 11, 17 and 18) | **38** | 93 |
| Other current assets | **1,124** | 41 |
| Total Current Assets | **9,114** | 11,716 |
| **Noncurrent Assets** | | |
| Investments and advances (Note 7) | **226,975** | 230,071 |
| Other noncurrent assets (Notes 7, 8, 17 and 18) | **6,038** | 5,785 |
| Total Noncurrent Assets | **233,013** | 235,856 |
| | **₱242,127** | ₱247,572 |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities** | | |
| Accrued expenses and other current liabilities (Notes 9, 17 and 18) | **₱3,840** | ₱3,207 |
| Due to related parties (Notes 11, 17 and 18) | **18** | 23 |
| Current portion of: | | |
| Long-term debt (Notes 10, 17 and 18) | **7,135** | 9,398 |
| Provisions (Note 7) | **724** | 370 |
| Total Current Liabilities | **11,717** | 12,998 |
| **Noncurrent Liabilities** | | |
| Noncurrent portion of: | | |
| Long-term debt (Notes 10, 17 and 18) | **53,287** | 63,609 |
| Provisions (Note 7) | **4,017** | 2,080 |
| Deferred tax liabilities (Note 16) | **6,964** | 6,962 |
| Other noncurrent liabilities (Notes 14, 17 and 18) | **1** | 939 |
| Total Noncurrent Liabilities | **64,269** | 73,590 |
| Total Liabilities | **75,986** | 86,588 |
| **Equity** (Note 12) | | |
| Capital stock | **34,534** | 34,534 |
| Additional paid-in capital | **80,678** | 80,678 |
| Treasury shares | **(22,743)** | (10,838) |
| Equity reserves | **109** | 109 |
| Other comprehensive income reserve | **(138)** | (547) |
| Retained earnings | **73,701** | 57,048 |
| Total Equity | **166,141** | 160,984 |
| | **₱242,127** | ₱247,572 |

*See accompanying Notes to Parent Company Financial Statements.*

## METRO PACIFIC INVESTMENTS CORPORATION

## PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

**(Amounts in Millions)**

| | Years Ended December 31 | |
|---|---|---|
| | **2025** | 2024 |
| **REVENUES** | | |
| Dividend income (Notes 7 and 11) | **₱22,737** | ₱17,769 |
| Interest income (Note 15) | **403** | 722 |
| | **23,140** | 18,491 |
| **OPERATING EXPENSES** (Note 13) | **(2,667)** | (3,188) |
| **INTEREST EXPENSE** (Notes 10 and 15) | **(3,885)** | (4,227) |
| **OTHER INCOME (EXPENSE) - Net** (Note 15) | **6,644** | (855) |
| **INCOME BEFORE INCOME TAX** | **23,232** | 10,221 |
| **PROVISION FOR (BENEFIT FROM)** (Note 16) | | |
| Final tax | **79** | 154 |
| Current income tax | **1** | 1 |
| Deferred income tax | **(10)** | – |
| | **70** | 155 |
| **NET INCOME** | **23,162** | 10,066 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | |
| To be reclassified to profit or loss in subsequent periods: | | |
| Change in fair value of cash flow hedge (Note 10) | **(194)** | (116) |
| Income tax effect (Note 16) | **49** | 29 |
| Not to be reclassified to profit or loss in subsequent periods: | | |
| Actuarial gain on defined benefit plans (Note 14) | **114** | 47 |
| Change in fair value of equity securities at fair value through other comprehensive income (“FVOCI”) | **469** | (312) |
| Income tax effect (Notes 14 and 16) | **(29)** | (12) |
| | **409** | (364) |
| **TOTAL COMPREHENSIVE INCOME** | **₱23,571** | ₱9,702 |

*See accompanying Notes to Parent Company Financial Statements.*

## METRO PACIFIC INVESTMENTS CORPORATION

## PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
### FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
### (Amounts in Millions)

| | Capital Stock (Note 12) | Additional Paid-in Capital (Note 12) | Treasury Shares (Note 12) | Equity Reserves (Note 12) | Other Comprehensive Income Reserve | Retained Earnings (Note 12) | Total |
|---|---|---|---|---|---|---|---|
| At January 1, 2025 | **₱34,534** | **₱80,678** | **(₱10,838)** | **₱109** | **(₱547)** | **₱57,048** | **₱160,984** |
| Total comprehensive income for the year: | | | | | | | |
| Net income | – | – | – | – | – | **23,162** | **23,162** |
| Other comprehensive income | – | – | – | – | **409** | – | **409** |
| Treasury shares | – | – | **(11,905)** | – | – | – | **(11,905)** |
| Cash dividends declared (Note 12) | – | – | – | – | – | **(6,509)** | **(6,509)** |
| **At December 31, 2025** | **₱34,534** | **₱80,678** | **(₱22,743)** | **₱109** | **(₱138)** | **₱73,701** | **₱166,141** |
| | | | | | | | |
| At January 1, 2024 | ₱34,534 | ₱80,678 | (₱10,789) | ₱109 | (₱183) | ₱54,565 | ₱158,914 |
| Total comprehensive income for the year: | | | | | | | |
| Net income | – | – | – | – | – | 10,066 | 10,066 |
| Other comprehensive income | – | – | – | – | (364) | – | (364) |
| Treasury shares | – | – | (49) | – | – | – | (49) |
| Cash dividends declared (Note 12) | – | – | – | – | – | (7,583) | (7,583) |
| At December 31, 2024 | ₱34,534 | ₱80,678 | (₱10,838) | ₱109 | (₱547) | ₱57,048 | ₱160,984 |

*See accompanying Notes to Parent Company Financial Statements.*

## METRO PACIFIC INVESTMENTS CORPORATION

## PARENT COMPANY STATEMENTS OF CASH FLOWS

**(Amounts in Millions)**

| | Years Ended December 31 | |
|---|---|---|
| | **2025** | 2024 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Income before income tax | **₱23,232** | ₱10,221 |
| Adjustments for: | | |
| Dividend income (Notes 7 and 11) | **(22,737)** | (17,769) |
| Gain on dilution | **(5,312)** | – |
| Interest expense (Note 15) | **3,885** | 4,227 |
| Gain on remeasurement of various provisions | **(1,366)** | – |
| Long-term incentive plan ("LTIP") expense (Notes 13 and 14) | **535** | 476 |
| Interest income (Note 15) | **(403)** | (722) |
| Depreciation and amortization (Notes 8 and 13) | **66** | 64 |
| Provision for non-recoverability of input taxes (Note 15) | **57** | 45 |
| Retirement adjustment (Note 14) | **4** | 1 |
| Provision for impairment of assets (Notes 7 and 15) | – | 3,799 |
| Gain on reversal of impairment (Notes 7 and 15) | – | (3,197) |
| Provision for ECL (Notes 13 and 17) | – | 471 |
| Others | **33** | 249 |
| Operating loss before working capital changes | **(2,006)** | (2,135) |
| Decrease (increase) in: | | |
| Restricted cash | **2,252** | (1,783) |
| Receivables | **12** | (23) |
| Due from related parties | **55** | 23 |
| Other current assets | **(1,004)** | 219 |
| Increase (decrease) in: | | |
| Due to related parties | **(5)** | (2) |
| Accrued expenses and other current liabilities | **(420)** | 280 |
| Net cash used in operations | **(1,116)** | (3,421) |
| Dividends received (Notes 7 and 11) | **22,737** | 17,769 |
| Interest paid | **(3,700)** | (3,899) |
| Interest received | **403** | 773 |
| Income tax paid | **(81)** | (154) |
| Net cash provided from operating activities | **18,243** | 11,068 |

*(Forward)*

| | Years Ended December 31 | |
|---|---|---|
| | **2025** | 2024 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquisitions of/additions to: | | |
| Investments and advances (Note 7) | **(₱6,860)** | (₱3,603) |
| Property and equipment (Note 8) | **(41)** | (11) |
| Other noncurrent assets | **–** | (117) |
| Collections/proceeds from sale of: | | |
| Redemption of shares in investees (Note 7) | **6,518** | – |
| Property and equipment and others (Note 8) | **7** | – |
| Net cash used in investing activities | **(376)** | (3,731) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from loans | **5,000** | – |
| Payments of/for: | | |
| Long-term debt (Notes 10 and 19) | **(17,399)** | (4,165) |
| Treasury shares (Note 12) | **(3)** | (49) |
| Lease liability (Note 9 and 19) | **(22)** | (21) |
| Debt issue cost | **(38)** | – |
| Dividends paid (Note 12) | **(6,509)** | (7,583) |
| Net cash provided used in in financing activities | **(18,971)** | (11,818) |
| **EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | **(261)** | 18 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(1,365)** | (4,463) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** (Note 5) | **9,258** | 13,721 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** (Note 5) | **₱7,893** | ₱9,258 |

*See accompanying Notes to Parent Company Financial Statements.*

## 1. Corporate Information

Metro Pacific Investments Corporation (the "Company" or "MPIC") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission ("SEC") on March 20, 2006 as an investment holding company. MPIC's common shares of stock were previously listed in and traded through the Philippine Stock Exchange ("PSE"). On September 29, 2023, the PSE approved MPIC's Petition for Voluntary Delisting, and accordingly ordered the delisting of the latter's shares from the Official Registry of the Exchange effective on October 9, 2023. Furthermore, on November 12, 2024, the SEC approved MPIC's Petition for Voluntary Revocation of Registration of Securities and Certificate of Permit to Sell Securities to the Public, officially making MPIC a private company.

Metro Pacific Holdings, Inc. ("MPHI") owns 49.90% and 46.28% of the total issued and outstanding common shares of MPIC as at December 31, 2025 and 2024, respectively. As sole holder of the voting Class A Preferred Shares, MPHI's combined voting interest as a result of all of its shareholdings is estimated at 61.82% and 58.34% as at December 31, 2025 and 2024, respectively.

MPHI is a Philippine corporation whose stockholders are Enterprise Investment Holdings, Inc. ("EIH") (60.0% interest), Intalink B.V. (26.7% interest) and First Pacific International Limited ("FPIL") (13.3% interest). First Pacific Company Limited ("FPC"), a company incorporated in Bermuda and listed in Hong Kong, through its subsidiaries, Intalink B.V. and FPIL, holds 40% equity interest in EIH and investment financing which under Hong Kong Generally Accepted Accounting Principles, require FPC to account for the results and assets and liabilities of EIH and its subsidiaries as part of FPC group companies in Hong Kong.

The registered office address of the Company is 9th Floor Tower 1, Rockwell Business Center, Ortigas Avenue, Barangay Ugong, Pasig City.

The accompanying financial statements as at and for the years ended December 31, 2025 and 2024 were approved and authorized for issuance by the Board of Directors ("BOD") on April 13, 2026.

<u>Company's Operating Segments</u>
The Company's operating segments are as follows:

a. *Power*, which primarily relates to the operations of Manila Electric Company ("MERALCO") in relation to the distribution, supply and generation of electricity. The investment in MERALCO was held both directly by the Company and indirectly through a wholly owned subsidiary, Beacon Electric Asset Holdings, Inc. ("Beacon Electric").

b. *Toll operations*, which primarily relate to operations and maintenance of toll facilities by Metro Pacific Tollways Corporation ("MPTC") and its subsidiaries NLEX Corporation ("NLEX Corp."), Cavitex Infrastructure Corporation ("CIC"), MPCALA Holdings ("MPCALA"), Cebu Cordova Link Expressway Corporation ("CCLEC"), LLEX Corporation ("LLEX Corp.") and foreign investees, CII Bridges and Roads Investment Joint Stock Company ("CII B&R"), PT Nusantara Infrastructure Tbk ("PT Nusantara"), Jasa Marga Jalanlayang Cikampek ("JJC") and Jasamarga Transjawa Tol ("JTT").

c. *Water,* which relates to the provision of water and sewerage services by Maynilad Water Holding Company, Inc. (“MWHC”) and its subsidiary, Maynilad Water Services, Inc. (“Maynilad”) and Philippine Hydro, Inc. (“PHI”); and other water-related services by MetroPac Water Investments Corporation (“MPW”) and its foreign investees, B.O.O. Phu Ninh Water Treatment Plant Joint Stock Company (“PNW”) and Tuan Loc Water Resources Investment Joint Stock Company (“TLW”).

d. *Rail*, which primarily relates to Metro Pacific Light Rail Corporation (“MPLRC”) and its subsidiary, Light Rail Manila Corporation (“LRMC”), the concessionaire for the operations and maintenance of the Light Rail Transit Line 1 (“LRT-1”) and construction of the LRT-1 south extension.

e. *Others*, which represent holding companies and operations of subsidiaries and other investees involved in health, real estate, biogas, food and agriculture.

See Note 7 for the complete list of the Company’s subsidiaries, associates and joint venture.

## 2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The parent company financial statements are prepared on a historical cost basis, except for certain financial liabilities classified as Fair Value Through Profit and Loss (“FVPL”) and investments in equity securities classified as FVOCI that are both measured at fair value (see Note 18). The parent company financial statements are presented in Philippine Peso, which is the Company’s functional currency, and all values are rounded to the nearest million peso (₱000,000) except when otherwise indicated. The parent company financial statements are prepared for submission to the Bureau of Internal Revenue (“BIR”) and the Philippine SEC.

Statement of Compliance
The Company has investments in subsidiaries associates, and joint ventures and associates and details of which are summarized in Note 7.

Starting 2024, the Company elected not to prepare consolidated financial statements for filing with the Philippine SEC under the exemption provided in PFRS 10, *Consolidated Financial Statements*. FPC, a listed company in the Hong Kong Stock Exchange, prepares consolidated financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) Accounting Standards which can be obtained from FPC’s registered address at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. HKFRS Accounting Standards are virtually the same with PFRS Accounting Standards. The same can be obtained from the FPC website.

Integrated Report
MPIC’s 2025 Integrated Report has been prepared in accordance with the guiding principles and requirements of the International Integrated Reporting (“IR”) Framework. In addition, it is guided by relevant standards and frameworks of IFRS S1 for General Requirements for Disclosure of Sustainability-related Financial Information, IFRS S2 for Climate-related Disclosures, SASB Industry-specific Standards, United Nations Global Compact’s Ten Principles, Taskforce on Nature-related Financial Disclosures, and Global Reporting Initiative.

This is available for download from MPIC’s corporate website (https://www.mpic.com.ph/wp-content/uploads/2026/04/MPIC-IR-2025.pdf)

3. **Management's Use of Judgments and Estimates**

The preparation of the parent company financial statements in compliance with PFRS Accounting Standards requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the disclosure of contingent liabilities and other significant disclosures. In preparing the parent company financial statements, management has made its best judgments and estimates of certain amounts, giving due consideration to materiality. The judgments and estimates used in the accompanying parent company financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the parent company financial statements. Actual results could differ from those estimates, and such estimates will be adjusted accordingly.

The Company believes that the following represents a summary of these significant judgments and estimates, related impact, and associated risks in the parent company financial statements.

Judgments

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

*Issuance of Exchangeable Bonds as Equity Transactions.* Under PFRS Accounting Standards, the treatment of convertible bonds which compel the holder to convert the bond (rather than being at the holder's option) depends on whether the number of shares issued on conversion are variable or fixed:

- If the mandatorily convertible bond can only be settled by the issue of a variable amount of ordinary shares calculated to equal a fixed amount in the issuer's functional currency (that is, there is a repayment of principal, albeit in shares), the instrument is a liability.
- If the mandatorily convertible bond can only be settled by the issue of a fixed number of ordinary shares, that part of the instrument is an equity component.

In 2014 and 2019, MPIC issued Exchangeable Bonds with aggregate principal amount of ₱36.6 billion. These Exchangeable Bonds are instruments that, at a certain time in the future, mandatorily exchangeable into a fixed number of Metro Pacific Health Corporation ("MPH"), formerly known as Metro Pacific Hospital Holdings, Inc., common shares (see Note 7). The Exchangeable Bonds are forward contracts to deliver fixed number of shares for which consideration has been received in advance, and hence, are effectively accounted for as equity transactions in the parent company financial statements.

On January 17, 2025, the Company issued Exchangeable Bonds to Mit-Pacific Infrastructure Holdings Corporation ("MPIH"). As these are exchangeable to a fixed number of MPTC shares held by MPIC, the same was accounted for as an equity transaction in the Company's consolidated financial statements

*Accounting for Arrangements as a Single Transaction.* In determining whether to account for the arrangements as a single transaction, an entity considers all the terms and conditions of the arrangements and their economic effects. One or more of the following circumstances indicate that it is appropriate for a parent to account for multiple arrangements as a single transaction:

- they are entered into at the same time or in contemplation of each other;
- they form a single transaction designed to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement; or

- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

The indicators clarify that arrangements which are part of a package are accounted for as a single transaction.

In 2019, the series of transactions entered into by MPIC together with MPH for the investment and entry of KKR and Co. (“KKR”), alongside Arran Investments Private Limited (“Arran”), in and to MPH, were assessed to be linked agreements and thus, were accounted for as a single linked transaction that resulted in loss of control with the remaining interest of MPIC in MPH accounted for as an investment in associate. Management’s judgments in concluding the loss of control over MPH and accounting for the remaining investment are discussed in Note 7.

*Definition of Default and Credit-impaired Financial Assets.* The Company defines a financial instrument ‘in default’, which is fully aligned with the definition of ‘credit-impaired’, when the borrower is more than 180 days past due on its contractual payments (i.e., principal and/or interest) or when the borrower is experiencing financial difficulty.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of ‘in default’ used for internal credit risk management purposes. A financial instrument is no longer in default (i.e., to have cured) when the counterparty has exhibited a satisfactory track record evidencing strong capacity to meet its contractual obligations in the near term.

*Contingent events leading to exercise of Put and Call Options*. The put and call options under the shareholders’ agreement between MPIC and Sumitomo Corporation (“Sumitomo”) (see Note 7) are contingent options whose values are linked or interdependent based on which of the contingent events giving rise to the options will likely occur first or is probable of occurring. This is because the exercise of one of the options will render the remaining option no longer exercisable.

For these contingent put and call options, included as a factor in the valuation is the assessment of whether the probability of the contingent event happening is remote. If the contingent event happening is assessed to be remote, then the value of the options will also be nil or minimal. Based on management’s judgment, the probability of the event (or events) happening (leading to MPIC’s right to exercise its call option) and the probability of the event (or events) happening (leading to Sumitomo’s right to exercise its put option) are both very low as the Company would rationally not take any actions that would negatively affect its investment in LRMC. Hence, the value of the derivative arising from the call and put options are zero (see Note 7).

Estimates

The key assumptions concerning future and other key sources of estimation at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the parent company financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Determination of Fair Value of Financial Instruments.* The Company initially records all financial instruments at fair value and subsequently carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgment. Valuation techniques are used particularly for financial assets and financial liabilities that are not quoted in an active market. Where valuation techniques are used to determine fair values (e.g., discounted cash flow, option models), they are periodically reviewed by qualified personnel who are independent of the people that initiated the transactions. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data as valuation inputs. However, other inputs such as credit risk (whether that of the Company or the counterparties), forward prices, volatility and correlations, require management to develop estimates or make adjustments to observable data of comparable instruments. The amount of changes in fair values would differ if the Company uses different valuation assumptions or other acceptable methodologies. Any change in fair value of these financial instruments would affect either the parent company statement of comprehensive income or parent company statement of changes in equity.

Fair values of financial instruments are presented in Note 18.

*Incorporation of Forward-looking Information.* To capture the effect of changes to the economic environment in the future, the computation of Probability of Default ("PD"), Loss Given Default ("LGD") and Expected Credit Loss ("ECL") incorporates forward-looking information and assumptions on the path of economic variables that are likely to have an effect on the repayment ability of the Company's counterparties. The starting point for the projections of economic variables is based on management's view, which underlies the plan to deliver the Company's strategy and ensures it has sufficient capital over the medium term. Management's view covers a core set of economic variables required to set the strategic plan, namely inflation, unemployment rate, gross domestic product and peso-dollar exchange rate.

*Provision for ECL.* The Company has the following financial assets that are subject to the ECL model: (i) cash and cash equivalents and short-term deposits; (ii) restricted cash; (iii) receivables; and (iv) due from related parties.

Carrying value of financial assets as at December 31, 2025 and 2024 are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Cash and cash equivalents (see Note 5) | **₱7,893** | ₱9,258 |
| Restricted cash (see Note 5) | **2** | 2,255 |
| Receivables (see Note 6) | **57** | 69 |
| Due from related parties (see Note 11) | **38** | 93 |

While cash and cash equivalents, short-term deposits and restricted cash are also subject to the impairment requirements of PFRS 9, *Financial Instruments,* the impairment loss was deemed immaterial.

The Company assessed that the provision for ECL included under "Operating expense" in the statements of comprehensive income amounted to nil and ₱470.7 million for the years ended December 31, 2025 and 2024, respectively (see Note 13). Total allowance for ECL as of December 31, 2025 and 2024 amounted to ₱542.0 million.

The information about the ECLs on the Company's receivables and due from related parties is disclosed in Note 17.

*Impairment of Investments and Advances.* Impairment review is performed when certain impairment indicators are present. In addition to the impairment indicators discussed in Note 7, receipt of dividend from the Company's subsidiaries, associates and joint ventures that meets the following conditions may be an internal indicator that the investments and advances are impaired. Impairment testing is required when a dividend is received and:

- there is evidence available that the carrying amount of the investments in the Company's separate financial statements exceeds the carrying amount of subsidiaries', associates' and joint ventures' net assets; or,
- the dividend exceeds the total comprehensive income of subsidiaries, associates and joint ventures.

The carrying value of the investments and advances amounted to ₱ 226,975.1 million and ₱230,070.7 million as at December 31, 2025 and 2024, respectively (see Note 7). Accumulated impairment amounted to ₱12,166.7 million for the years ended as December 31, 2025 and 2024. Impairment losses on investments and advances recognized for the years ended December 31, 2025 and 2024 amounted to nil and ₱3,798.8 million, respectively (see Notes 7 and 15).

*Impairment of Nonfinancial Assets.* Impairment review is performed when certain impairment indicators are present. Determining the recoverable value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets.

While it is believed that the assumptions used in the estimation of recoverable values reflected in the parent company 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 impact on the results of operations.

The carrying values of non-financial assets (excluding investments and advances) subject to impairment review when impairment indicators are present are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Property and equipment and software costs (see Note 8)* | **₱124** | ₱155 |
| Input taxes (current and noncurrent)** | **9** | 24 |

**Included under "Other noncurrent assets".*
***Current portion included under "Other current assets" and noncurrent portion included under "Other noncurrent assets"*

The Company provided an allowance for non-recoverability of input tax amounting to ₱57.4 million and ₱45.0 million for the years ended December 31, 2025 and 2024, respectively. The management believes that the Company will not have future transactions that will yield income subject to output VAT.

Carrying value of input taxes (included in "Other current and noncurrent assets" account in the statements of financial position) amounted to ₱9.2 million and ₱23.8 million as at December 31, 2025 and 2024. Allowance for unrecoverable input taxes amounted to ₱561.7 million and ₱504.3 million as at December 31, 2025 and 2024, respectively.

*Realizability of Deferred Income Tax Assets.* The Company reviews the carrying amounts of unrecognized deferred income taxes at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets have not been recognized as at December 31, 2025 and 2024 because management believes that the Company may not have sufficient future taxable profits available to allow all or part of the deferred income tax assets to be utilized in the near future.

The Company has deductible temporary differences, unused tax credits from minimum corporate income tax (“MCIT”) and unused net operating loss carryover (“NOLCO”), aggregating to ₱22,485 million and ₱34,533 million as at December 31, 2025 and 2024, respectively, for which no deferred tax assets have been recognized (see Note 16).

*Retirement Costs.* The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions, described in Note 14, are reviewed at each reporting date.

Retirement cost for the years ended December 31, 2025 and 2024 amounted to ₱3.7 million and ₱1.2 million, respectively (see Note 14).

*LTIP.* The LTIP for key executives of the Company and certain subsidiaries was approved by the Executive Compensation Committee and the BOD which is based on certain economic, environmental, social and governance targets for the covered performance cycle. The cost of LTIP is determined using the projected unit credit method based on prevailing discount rates and profit targets. While management’s assumptions are believed to be reasonable and appropriate, significant differences in actual results or changes in assumptions may materially affect the Company’s long-term incentive benefits.

LTIP expense for the years ended December 31, 2025 and 2024 amounted to ₱534.7 million and ₱476.4 million, respectively. As at December 31, 2025, LTIP payable was presented under “Other current liabilities” as payment is expected within the next twelve months. Meanwhile, as at December 31, 2024, this was presented under “Other noncurrent liabilities” (see Notes 13 and 14).

*Provisions.* The Company recognizes provisions based on estimates of whether it is probable that an outflow of resources will be required to settle an obligation. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the financial performance in the current period in which such determination is made. Provisions mainly consist of estimated tax warranties and indemnities relating to dilution of interest in MPH and tax provisions related to MPIH (see Note 7).

4. **Material Accounting Policies**

This note provides a list of the material accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

*a. Changes in Accounting Policies and Disclosures*

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective in 2025. Adoption of the following standards did not have any material impact on the Parent Company financial statements:

Amendments to PAS 21, *Lack of exchangeability*

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

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

*b. Principal Accounting and Financial Reporting Policies*

The principal accounting and financial reporting policies adopted in preparing the parent company financial statements are as follows:

Fair Value Measurement
The Company measures financial instruments such as equity instruments at FVOCI at fair value at each reporting date and, for the purposes of impairment testing, uses fair value less costs of disposal to determine the recoverable amount of some of its non-financial assets. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 18.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a. in the principal market for the asset or liability; or,
b. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

a) Level 1 − Quoted (unadjusted) market prices in active markets for identical assets or liabilities
b) Level 2 − Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable
c) Level 3 − Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as derivatives, and non-recurring measurement, such as impairment tests. At each reporting date, the finance team analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the finance team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts, counterparty assessment and other relevant documents.

The finance team also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. On an interim basis, the finance team presents the valuation results to the Company's top management for review. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (see Note 18).

Input Taxes

Input taxes represent taxes paid on purchases of applicable goods and services which can be recovered as tax credit against future output VAT liability of the Company.

Restricted Cash

Restricted cash represents cash in banks earmarked for long-term debt principal and interest repayment maintained in compliance with loan agreements.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Instruments: Financial Assets

*Initial Recognition and Measurement.* Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

*Subsequent Measurement.* For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

*Financial Assets at Amortized Cost (Debt Instruments).* The Company measures financial assets at amortized cost if both of the following conditions are met:

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

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

The Company's financial assets at amortized cost includes cash and cash equivalents, short-term deposits, restricted cash, receivables and due from related parties (see Notes 5, 6, 11 and 18).

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

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

The Company elected to classify irrevocably its investments in quoted and unquoted equity securities under this category (see Note 18). The Company's equity investments designated at FVOCI are presented under "Other noncurrent assets" in the parent company statements of financial position.

*Financial Assets at FVPL.* Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the parent company statement of financial position at fair value with net changes in fair value recognized in the statement of comprehensive income.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

*Derecognition.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

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

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

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

<u>Financial Instruments: Financial Liabilities</u>

*Initial Recognition and Measurement.* Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accrued expenses and other current payables (excluding statutory payables), and loans and borrowings.

*Subsequent Measurement - Financial Liabilities at FVPL.* Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

*Subsequent Measurement - Loans and Borrowings.* This is the category most relevant to the Company. After initial recognition, interest-bearing and non-interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs under the "Interest expense" in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings (see Notes 9, 10, 17, 18 and 19).

*Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Financial Instruments: Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Investments in Subsidiaries, Associates and a Joint Venture

Investments in subsidiaries, associates and a joint venture are accounted for at cost. The investments are carried in the parent company statement of financial position at cost less any impairment in value. The Company recognizes dividend income from its subsidiaries, associates and joint venture when its right to receive the dividend is established.

Property and Equipment

Property and equipment, included as part of "Other noncurrent assets" account in the parent company statement of financial position, are carried at cost, excluding day-to-day servicing, less accumulated depreciation and any impairment loss. The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment and borrowing cost for long-term construction project when recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major repairs are performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally recognized as expense in the period such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the property and equipment.

Depreciation commences once the property and equipment are available for use and is computed on a straight-line basis over the estimated useful lives of the assets (see Note 8).

The asset's residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each financial reporting period.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Software Cost

Software cost, included as part of "Other noncurrent assets" account in the parent company statement of financial position, includes the cost of software purchased from a third party, and other direct costs incurred in the software configuration and interface, coding and installation to hardware, including parallel processing, and data conversion. Software cost is amortized on a straight-line basis over the estimated useful life of five years (see Note 8). The carrying cost is reviewed for impairment whenever there is an indication that software cost may be impaired.

Impairment of Nonfinancial Assets

The Company assesses at each end of reporting period whether there is an indication that the Company's investments in subsidiaries and associates and interest in a joint venture, property and equipment and software costs may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use ("VIU") and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses are recognized in profit or loss.

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

Equity

*Common Shares.* Common shares are classified as equity and measured at par value for all shares issued. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

*Preferred Shares.* Preferred share is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's BOD.

Preferred share is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the parent company statement of comprehensive income as accrued.

*Treasury Shares.* Own equity instruments that are re-acquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the additional paid-in capital.

*Retained Earnings.* Retained earnings represent accumulated earnings net of cumulative dividends declared, adjusted for the effects of equity restructuring.

*Cash Dividend.* The Company recognizes a liability to distribute cash to its equity holders when the distribution is authorized, and the distribution is no longer at the discretion of the Company. As per the corporate laws in the Philippines, a distribution is authorized when it is approved by the BOD. A corresponding amount is charged directly against retained earnings.

*Equity Reserves.* Equity reserves comprise of equity transactions other than capital contributions such as equity component of a convertible financial instrument and share-based payment transactions.

*Other Comprehensive Income Reserve.* OCI reserve comprises items of income and expenses that are recognized directly in equity. Certain OCI items are to be reclassified to profit or loss in subsequent periods.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the parent company statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Revenue Recognition

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods and services to a customer. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent.

Dividend
Revenue is recognized when the right to receive payment is established which is upon the declaration date.

Interest Income
Interest income is recognized as it accrues, using the EIR method.

Rental Income
Revenue from rent is recognized on a straight-line basis over the terms of the lease (included as part of "Other expense – net" account in the parent company statement of comprehensive income).

Backoffice Services Fees
Fees are recognized when services are rendered (included as part of "Other expense - net" account in the parent company statement of comprehensive income).

Other Income
The Company applies guidance in the revenue standard related to the transfer of control and measurement of the transaction price, including the constraint on variable consideration, to evaluate the timing and amount of the gain or loss recognized. Included in "Other income" are sale of investments and other incidental gain/income.

Expenses Recognition
Expenses are recognized in the parent company statement of comprehensive income when a decrease in future economic benefit related to a decrease of an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized in the parent company statement of comprehensive income on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, cease to qualify, for recognition in the parent company statement of financial position as an asset.

Leases
*Right-of-use assets.* The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to testing if impairment indicators are present.

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

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

*Short-term leases and leases of low-value assets.* The Company applies the short-term lease recognition exemption (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term. Rentals under 'operating expenses' account include only those leases that are short-term and of low-value (see Note 13).

*Significant judgement in determining the lease term of contracts with renewal options.* The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Retirement Benefits

The Company has a funded, noncontributory retirement benefit plans covering all their eligible regular employees. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following: (a) service cost; (b) net interest on the net defined benefit liability or asset; and (c) remeasurements of net defined benefit liability or asset.

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation (DBO), the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Foreign Currency-Denominated Transactions and Translations

The parent company financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of reporting period. All differences are credited or charged to operations.

Income Taxes

*Current Tax.* Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or have substantively been enacted at the end of reporting period where the Company operates and generates taxable income.

Current tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred Tax.* Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except (a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income; and (b) in respect of taxable temporary differences associated with investments in subsidiaries and associates and interest in joint a venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from MCIT and unused NOLCO, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized. Deferred tax, however, is not recognized when (a) it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income; and (b) in respect of deductible temporary differences associated with investments in subsidiaries and associates and interest in a joint venture, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax (commonly referred to as “Value Added Tax”), except:

a. Where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

b. Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables (under “Other current assets”) or payables (under “Accrued expenses and other current liabilities”) in the parent company statement of financial position.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in the notes to the parent company financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events), if any, are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

## 5. Cash and Cash Equivalents, Short-Term Deposits and Restricted Cash

As at December 31, this account consists of:

| | 2025 | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Cash on hand and in banks | **₱101** | ₱174 |
| Short-term deposits that qualify as cash equivalents | **7,792** | 9,084 |
| | **₱7,893** | ₱9,258 |

*Restricted Cash.* Restricted cash classified under current assets pertains to debt service account ("DSA") representing amounts set aside for semi-annual principal and interest payments of certain long-term debt. This DSA is maintained and replenished in accordance with the provision of the loan agreements (see Note 10). Restricted cash as of December 31, 2025 and 2024, amounted to ₱2.3 million and ₱2,254.6 million, respectively.

Interest earned from cash and cash equivalents, short-term deposits and restricted cash amounted to ₱403.2 million and ₱722.2 million for the years ended December 31, 2025 and 2024, respectively (see Note 15).

## 6. Receivables

As at December 31, this account consists of:

| | 2025 | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Accounts receivable | **₱15** | ₱30 |
| Interest receivables | **31** | 31 |
| Advances to employees | **9** | 7 |
| Other receivables | **544** | 543 |
| | **599** | 611 |
| Less allowance for ECL (see Note 17) | **542** | 542 |
| | **₱57** | ₱69 |

*Other receivables.* As part of the Group's commitment to ensure the health and safety of its employees and families, the Company completed its COVID-19 vaccination rollout in 2021. Total costs of vaccines including administration costs amounted to ₱597.2 million which were charged to other entities included in the vaccination rollout in 2021 In 2024, the Company assessed that a portion of the costs of vaccine amounting to ₱470.7 million has low probability of collection and recognized a provision for ECL.

## 7. Investments and Advances

As at December 31, the Company's direct subsidiaries, joint venture and associates are as follows:

| Investee | Principal Activity | Direct MPIC Ownership Interest 2025 | 2024 |
|---|---|---|---|
| Subsidiaries: | | | |
| Beacon Electric | Investment holding | **100.0** | 100.0 |
| MPTC (Note 12) | Investment holding | **93.3** | 99.9 |
| MWHC | Investment holding | **51.3** | 51.3 |
| Maynilad | Utilities | **4.0** | 5.2 |
| MPW | Investment holding | **100.0** | 100.0 |
| MPLRC | Investment holding | **65.1** | 65.1 |
| MPIC Infrastructure Holdings Limited ("MIHL") | Investment holding | **100.0** | 100.0 |
| Fragrant Cedar Holdings, Inc. ("FCHI") | Property lessor | **100.0** | 100.0 |
| MetroPac Logistics Company, Inc. ("MPLC") | Investment holding | **100.0** | 100.0 |
| Metro Pacific Resource Recovery Corp. ("MPRRC") | Investment holding | **100.0** | 100.0 |
| MetPower Venture Partners Holdings, Inc. ("MVPHI") | Investment holding | **100.0** | 100.0 |
| Metro Pacific Health Tech Corporation ("MPHTC") | Mobile healthcare services | **100.0** | 100.0 |
| Landco Pacific Corporation ("Landco") | Real estate | **100.0** | 100.0 |
| Metro Pacific Agro Ventures, Inc. ("MPAV") | Investment holding | **100.0** | 100.0 |
| Neo Oracle Holdings, Inc. ("NOHI") | Under liquidation | **96.8** | 96.8 |
| Metro Global Green Waste, Inc. ("MGGW") | Under liquidation | **80.0** | 80.0 |
| Porrovia Corporation ("Porrovia") | Under liquidation | **50.0** | 50.0 |
| Joint venture: | | | |
| KM Infrastructure Holdings, Inc. ("KM Infra") | Investment holding | **50.0** | 50.0 |
| Associates: | | | |
| MERALCO | Power distribution | **12.5** | 12.5 |
| Indra Philippines, Inc. ("Indra Phils.") | Management and IT consultancy | **25.0** | 25.0 |
| MPH [(a)] | Healthcare | **20.0** | 20.0 |
| MetroPac Apollo Holdings, Inc. ("Apollo") [(b)] | Investment holding | **65.0** | 65.0 |
| Kayana Solutions Inc. ("KAYANA") | Data management | **27.5** | 27.5 |
| Dream Fearlessly Technologies Inc. ("DFTI") | IT Products and Services | **15.0** | – |
| AF Payments, Inc. ("AFPI") | Operator of contactless payment system | **20.0** | 20.0 |
| First Gen Northern Electric Corp. ("FGNEC") | Under liquidation | **33.3** | 33.3 |

*(a) Ownership interest reflects economic interest on a fully diluted basis (see discussion below).*
*(b) Ownership interest reflects interest prior to call option exercise (see discussion below).*

All of the above investees were incorporated in the Philippines, except for MIHL which was incorporated in British Virgin Islands.

As at December 31, the carrying values of each of the Company's investments and advances follows:

| | 2025 | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Investments in subsidiaries: | | |
| Beacon Electric | **₱91,441** | ₱91,441 |
| MPTC | **43,817** | 46,936 |
| MWHC | **12,277** | 12,277 |
| MPW | **10,770** | 10,770 |
| MPAV | **10,408** | 715 |
| MPLC* | **6,446** | 6,446 |
| MPLRC* | **7,505** | 7,505 |
| Maynilad | **2,131** | 2,131 |

*(Forward)*

| | 2025 | 2024 |
|---|---|---|
| | *(In Millions)* | |
| MVPHI | **₱2,433** | ₱2,433 |
| MPHTC | **1,394** | 1,395 |
| Landco* | **1,996** | 1,318 |
| FCHI | **437** | 437 |
| NOHI | **230** | 230 |
| MPRRC | **218** | 218 |
| Porrovia | **10** | 10 |
| MGGW* | **28** | 28 |
| | **191,541** | 184,290 |
| Investments in associates: | | |
| MERALCO | **35,203** | 35,203 |
| MPH | **1,426** | 1,426 |
| AFPI* | **1,230** | 1,230 |
| Kayana | **715** | 542 |
| Indra Phils. | **327** | 327 |
| Apollo | **55** | 55 |
| DFTI | **6** | – |
| | **38,962** | 38,783 |
| Investment in a joint venture: | | |
| KM Infra | **357** | 6,876 |
| Advances to investees* | **8,281** | 12,288 |
| Less accumulated impairment (see Note 15) | **(12,166)** | (12,166) |
| | **₱226,975** | ₱230,071 |

**With corresponding allowance for impairment.*

Movements of investments and advances are as follows:

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | **Subsidiaries** | **Associates** | **Joint Venture** | **Total** |
| | | *(In Millions)* | | |
| Investments: | | | | |
| Balance at beginning of year | **₱184,289** | **₱38,783** | **₱6,876** | **₱229,948** |
| Additions: | | | | |
| Equity funding into existing or newly incorporated entities | **3,297** | **179** | **–** | **3,476** |
| Application of advances | **7,073** | **–** | **–** | **7,073** |
| Issuance of exchangeable bonds | **(3,118)** | **–** | **–** | **(3,118)** |
| Redemption of shares in investees | **–** | **–** | **(6,519)** | **(6,519)** |
| | **191,541** | **38,962** | **357** | **230,860** |
| Advances: | | | | |
| Balance at beginning of year | **12,289** | **–** | **–** | **12,289** |
| Application of advances | **(7,073)** | **–** | **–** | **(7,073)** |
| Additions | **3,065** | **–** | **–** | **3,065** |
| | **8,281** | **–** | **–** | **8,281** |
| Impairment: | | | | |
| Balance at beginning and end of year | **(10,936)** | **(1,230)** | **–** | **(12,166)** |
| | **(10,936)** | **(1,230)** | **–** | **(12,166)** |
| | **₱188,886** | **₱37,732** | **₱357** | **₱226,975** |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Subsidiaries | Associates | Joint Venture | Total |
| | | *(In Millions)* | | |
| Investments: | | | | |
| Balance at beginning of year | ₱184,026 | ₱38,221 | ₱6,876 | ₱229,123 |
| Additions: | | | | |
| Equity funding into existing or newly incorporated entities | 263 | 542 | – | 805 |
| Non-cash investment | – | 20 | – | 20 |
| | 184,289 | 38,783 | 6,876 | 229,948 |
| Advances: | | | | |
| Balance at beginning of year | 9,491 | – | – | 9,491 |
| Additions | 2,798 | – | – | 2,798 |
| | 12,289 | – | – | 12,289 |
| Impairment: | | | | |
| Balance at beginning of year | (7,157) | (1,210) | (3,197) | (11,564) |
| Additional impairment during the year (Note 15) | (3,779) | (20) | – | (3,799) |
| Reversal of impairment | – | – | 3,197 | 3,197 |
| | (10,936) | (1,230) | – | (12,166) |
| | ₱185,642 | ₱37,553 | ₱6,876 | ₱230,071 |

Dividends

Dividend income consists of the following:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Subsidiaries: | | |
| Beacon Electric | **₱9,880** | ₱8,520 |
| MPTC | **2,320** | 3,683 |
| MWHC | **5,757** | 2,161 |
| Maynilad | **338** | 296 |
| Associates: | | |
| MERALCO | **3,531** | 3,034 |
| KM Infra | **811** | – |
| Indra Phils. | **100** | 75 |
| | **₱22,737** | ₱17,769 |

MERALCO and Beacon Electric

*Beacon Electric.* Beacon Electric holds investments in MERALCO.

*MERALCO.* MERALCO is the Philippines' largest electric power distribution company. MERALCO holds a congressional franchise under Republic Act ("RA") No. 9209 effective June 28, 2003. RA No. 9209 grants MERALCO a 25-year franchise valid through June 28, 2028 to construct, operate, and maintain the electric distribution system in the cities and municipalities of Bulacan, Cavite, Metro Manila, and Rizal and certain cities, municipalities, and barangays in the provinces of Batangas, Laguna, Pampanga, and Quezon. On October 20, 2008, the Energy Regulatory Commission, granted MERALCO a consolidated Certificate of Public Convenience and Necessity for the operation of electric service within its franchise coverage, effective until the expiration of MERALCO's congressional franchise. On April 11, 2025, the Government approved the extension of its franchise for another twenty-five (25) years from June 2028 under RA No. 12146.

MERALCO is a Philippine corporation with its shares listed on the Philippine Stock Exchange.

The Company's combined effective interest in MERALCO is at 47.5%, direct interest at 12.5% and indirect interest through Beacon Electric at 34.96% as at December 31, 2025 and 2024. The fair value of the Company's investment in MERALCO at 47.5% as at December 31, 2025 and 2024 based on quoted prices of ₱575.00 and ₱483.40 per share amounted to ₱307.6 billion and ₱258.6 billion, respectively.

MPTC

MPTC was acquired by MPIC in 2008. MPTC's subsidiaries, held through various holding companies, included NLEX Corp, CIC, MPCALA and CCLEC, which were granted concession rights for the construction, operation and management of certain toll projects.

NLEX Corp holds the concession rights for the North Luzon Expressway ("NLEX") up to 2037; the SCTEX up to 2043; and NLEX-South Luzon Expressway ("SLEX") Connector Road Project ("Connector Road") up to 2057.

CIC holds the concession for the Manila – Cavite Expressway ("CAVITEX"), which concession period extends to 2033 for the originally built road and to 2046 for a subsequent extension.

MPCALA holds the concession for the CALAX with a 35-year concession period. The CALAX is a closed-system tolled expressway that will eventually connect the CAVITEX and the SLEX. Sub-sections 6 to 8, a segment of CALAX, commenced operations in October 2019 and CALAX Laguna segment interchanges which are part of the sub-section 6 to 8 opened in August 2020. As at April 13, 2026, construction works for CALAX Cavite Segment are ongoing. Full completion of CALAX is expected in June 2026.

CCLEC holds the concession agreement for the Cebu Cordova Link Expressway ("CCLEX") with a 35-year concession period. The CCLEC construction contract award was made in November 2017. On April 29, 2022, the Local Toll Regulatory Council issued its Toll Operation Certificate.

On June 20, 2025, Metro Pacific Tollways Vizmin Corporation ("MPT Vizmin"), a subsidiary of MPTC, acquired the concession right to construct and operate Lapu-Lapu Expressway ("LLEX") Project through the 100% acquisition of LLEX Corp. for a total consideration of ₱1.0 billion. LLEX Project consists of four (4) segments with a total length of 12 kilometers.

LLEX Corp. was incorporated and registered with Philippine SEC on May 2, 2022 for the main purpose of implementing the construction and operation of LLEX Project under a Joint Venture Agreement ("JVA") with Lapu-Lapu City. With LLEX Corp., MPT Vizmin intends to build a new tollroad that will connect the existing CCLEX to the Mactan-Cebu International Airport ("MCIA") in Lapu-Lapu City.

MPTC, through various foreign holding companies, also has investments in entities domiciled and operating outside the Philippines, namely CII B&R and PT Nusantara.

PT Nusantara is a publicly listed limited liability company duly established and existing under the laws of the Republic of Indonesia. Its infrastructure portfolio in Indonesia includes toll roads (which contribute 80% of its core income), ports, energy and water. PT Nusantara's concession assets comprise of toll roads and water concession rights. Toll road concession rights cover the following toll road sections: (a) Tallo – Hasanuddin Airport; (b) Soekarno Hatta Port – Pettarani; (c) Pondok Ranji and Pondok Aren. The water concession pertains to the right to treat and distribute clean water in the Serang District, Banten in Indonesia.

PT Margautama Nusantara ("MUN"), an indirect subsidiary of MPTC through PT Nusantara, in which it holds an aggregate equity interest of 61.3%, holds 40% of the outstanding shares of JJC.

JJC is the concession holder of Jakarta-Cikampek Elevated ("Japex") toll road, which is a thirty-eight (38) km fully elevated toll road forming part of the trans-java network, which serves as an entry/exit gate from Jakarta (capital city) to West, Central, and East Java. Japex has been in operation since December 12, 2019.

On June 28, 2024, MPTC through its wholly-owned indirect subsidiary, PT Metro Pacific Tollways Indonesia Services, and MUN partnered with Warrington Investment Pte. Ltd. ("WIP") to enter into agreements with Koperasi Konsumen Karyawan Jalin Margasejahtera ("KKJM") and PT Jasa Marga (Persero) Tbk ("JM") to acquire a total of 35.0% equity interest in JTT. The total consideration is IDR15.75 trillion (approximately ₱58 billion) with a maximum additional earn-out payment of IDR250 billion (approximately ₱925 million).

Upon the closing of the transaction on September 27, 2024, MPTC owns 22.9% effective ownership interest in JTT. The consideration has been paid 60% upon closing and 40% in December 2024.

JTT was established in June 2017. It is principally engaged in the management, security, and operation of the Trans-Java Toll Road Segments in Java, Indonesia which has been in operation since 1983, with a total length of approximately 676-kilometer. It holds concessions for 13 toll road assets with concession periods ranging from 35 to 50 years and will expire between 2044 and 2066. The toll roads are strategically located across Java, connecting the country's economic center, major cities, industrial hubs, and tourist areas on an island that is home to a population of approximately 159 million, representing 57% of the total population and of the gross domestic product of Indonesia.

MPTC also holds a significant minority equity interest equal to about 45% of the outstanding capital of CII B&R. CII B&R has various road and bridge projects in and around Ho Chi Minh City in Vietnam.

<u>MWHC and Maynilad</u>
MWHC owns 66.8% and 94.4% in Maynilad as at December 31, 2025 and 2024, respectively.

*Maynilad Concession Agreement ("Maynilad CA") with Metropolitan Waterworks and Sewerage System ("MWSS").* On February 21, 1997, Maynilad entered into the Original Concession Agreement ("OCA") with the MWSS. Under the Maynilad OCA, MWSS grants Maynilad, as contractor to perform certain functions and as agent for the exercise of certain rights and powers under the MWSS's Charter, and as contractor, the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required (except certain retained assets of MWSS) to provide water and wastewater services in the West Service Area, as defined in the OCA, including the right to bill and collect for water and wastewater services supplied therein, for 25 years or until May 6, 2022 (the "Maynilad Expiration Date"). In April 2011, the Maynilad Expiration Date was extended for fifteen (15) years, and revised to July 31, 2037, unless the OCA is pre-terminated due to an event of default. This 15-year extension of the OCA was approved by the MWSS in 2009 and was duly acknowledged by the Republic of the Philippines ("ROP" or the "Government"), in accordance with the OCA, through a Letter of Consent and Undertaking dated March 17, 2010 ("Republic Undertaking").

Maynilad is also tasked to manage, operate, repair, decommission and refurbish certain specified MWSS facilities in the West Service Area. The legal title to these assets remains with MWSS. However, the legal title to all property, plant and equipment that Maynilad contributes to the existing MWSS system during the concession period remains with Maynilad until the Maynilad Expiration Date (or on early termination date) at which time, all rights, titles and interest in such assets will automatically vest in MWSS.

Sometime in the latter part of 2019, the then President Rodrigo Duterte ordered the review of the terms of the OCA, and in January 2020, formed the Concession Agreements Review Committee ("RevCom") to review the OCA as well as the concession agreement of Manila Water and to submit its recommendations to the President. The RevCom was composed of the Executive Secretary, the Secretaries of the Departments of Justice and Finance, the Solicitor General, the Government Corporate Counsel and the Presidential Adviser on Flagship Programs and Projects.

On May 18, 2021, Maynilad and MWSS signed the Revised Concession Agreement ("RCA"), the notable provisions of which are the following:

1. Confirmation of the July 31, 2037 expiration date;
2. Imposition of a tariff freeze until December 31, 2022;
3. Removal of Corporate Income Tax ("CIT") from among Maynilad's recoverable expenditures as well as the Foreign Currency Differential Adjustment;
4. Capping of the annual inflation factor to 2/3 of the Consumer Price Index;
5. Imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the previous standard rate;
6. Removal from the Republic Undertaking of the non-interference of the Government in the rate-setting process, and the limitation of the ROP's financial guarantees to cover only those loans and contracts that are existing as of the signing of the RCA;
7. Replacement of the market-driven Appropriate Discount Rate with a 12% fixed nominal discount rate; and
8. Retention of the rate rebasing mechanism where, subject to the rate caps in item 5 above, the rates for the provision of water and wastewater services will be set at a level that will allow Maynilad to recover, over the term of the concession, expenditures efficiently and prudently incurred and to earn a reasonable rate of return.

On June 30, 2022, Maynilad received MWSS's letter of even date informing Maynilad that the DOF has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary.

Maynilad wrote the MWSS on July 1, 2022 informing them that the signed Republic Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) (c) of the RCA has not been satisfied. Thus, Maynilad's obligation to effect the changes in the OCA has not commenced.

On August 9, 2022, Maynilad formally applied for a 10-year extension of the OCA with the MWSS to be able to provide affordable water to its customers and mitigate anticipated tariff increases. On September 6, 2022, Maynilad provided the MWSS preliminary tariff impact simulations, and highlighted the fiscal benefits of a 10-year extension of the OCA.

In a subsequent letter dated September 14, 2022, Maynilad proposed to the MWSS certain amendments to the RCA, which includes: (a) reinstatement of the Foreign Currency Differential Adjustment mechanism; (b) reinstatement of the full Consumer Price Index Adjustment; and (c) review of the exclusions from the Material Adverse Government Action provision. Such request was made on account of certain events, i.e. the COVID-19 pandemic, the Ukrainian conflict and the significant depreciation of the Peso, which not only posed a challenge to Maynilad's operations but have also highlighted the need to ensure that the concession agreements are future-proof and to guarantee the continuity of service to its customers.

On May 10, 2023, MWSS and Maynilad signed the Amendments to the RCA. Among the Amendments to the RCA include the following:

1. Adjustment in the CPI factor or "C" from 2/3 to ¾ of the percentage change in the CPI for the Philippines;

2. Reinstatement of the FCDA, but only with respect to the (a) MWSS loans that are being and will be serviced by Maynilad, and (b) principal payments for drawn and undrawn amounts of Maynilad's foreign currency denominated loans existing as of June 29, 2022;

3. Introduction of a modified FCDA for Maynilad loans contracted after June 29, 2022, but which mechanism may be availed of only when there is an "extraordinary inflation" or "extraordinary deflation" of the Philippine Peso (i.e., more than 20% change in the base exchange rate), and the amount that may be recovered is capped;

4. Exclusion of certain events from what may not be considered as Material Adverse Government Action such as the amendment of existing rules, regulations, and other issuances resulting from acts of the legislative and judicial branches of government and delay or inaction by the Regulatory Office ("RO") on applications relating to rate adjustments filed by the Concessionaire; and

5. Deletion of the composition and decisions of the RO from what may not be subject to arbitration.

The Amendments to the RCA took effect retroactively on June 29, 2022, the date of effectivity of the RCA.

Along with the Amendments to the RCA, the ROP issued on May 10, 2023 the Republic Undertaking in the form agreed on by the Parties. The Republic Undertaking's effectivity retroacts to July 1, 2022.

Pursuant to the requirement for a public hearing, Maynilad and the MWSS RO conducted a public hearing/consultation on December 4, 2023 at the World Trade Center in Pasay City. Maynilad understands that both the MWSS RO and the MWSS BOT have approved Maynilad's 10-year extension application. However, the RCA requires that any amendment to any of its provisions be acknowledged by the ROP acting through the Secretary of Finance.

In a letter dated March 3, 2025, MWSS informed the Company that the Department of Finance ("DOF") recommended that MWSS comply with the procedures under Republic Act No. 11966, or the Public-Private Partnership ("PPP") Code of the Philippines, and its implementing rules and regulations. The DOF considered the ten-year extension of the RCA as a variation of an executed public-private partnership contract, which, as a project with an estimated cost exceeding ₱15.0 billion, requires the approval of the National Economic and Development Authority ("NEDA") Board in accordance with the NEDA-Investment Coordination Committee ("NEDA-ICC") procedures. Accordingly, MWSS informed the Company that a technical working group composed of representatives from MWSS and Maynilad would be formed to prepare the necessary documentation for submission to the NEDA-ICC for review.

On November 17, 2025, the Company received the duly executed Memorandum of Agreement on and Confirmation of the Amendment to the Revised Concession dated October 10, 2025, which was signed and acknowledged by the Secretary of Finance, confirming the amendment to the RCA.

*Republic Act No 11600 – Maynilad's Legislative Franchise.* Republic Act No. 11600 grants Maynilad, a 25-year franchise to "establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and Province of Cavite." RA 11600 affirms Maynilad's authority to provide waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and the Province of Cavite.

RA 11600 took effect on January 22, 2022, 15 days after its publication in the Official Gazette on January 7, 2022. The 25-year term will end on January 21, 2047.

Aside from the grant of a 25-year franchise to Maynilad, the other highlights of RA 11600 include the following:

a. The grant of authority to the MWSS, when public interest for affordable water security so requires and upon application by Maynilad, to amend Maynilad's RCA to extend its term (i.e., 2037) to coincide with the term of the franchise. In addition, the RCA shall also act as the Certificate of Public Convenience and Necessity of Maynilad for the operation of its waterworks and sewerage system. It also provides that in the event the waterworks and sewerage system assets of MWSS pertaining to the Franchise Area are privatized by law, Maynilad shall have the right to match the highest compliant bid after a public bidding. The RCA between MWSS and Maynilad shall remain valid unless otherwise terminated pursuant to the terms of the RCA, or invalidated when national security, national emergency or public interest so requires;

b. The prohibition on the passing on of corporate income tax to customers;

c. The requirement to publicly list at least 30% of Maynilad's outstanding capital stock within five years from the grant of the franchise;

d. The completion of Maynilad's water and sewerage projects to attain 100% coverage by 2037, which shall include periodic five-year completion targets; and

e. The grant to Maynilad of the right of eminent domain insofar as it is may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance and operation of the services, subject to the limitations and procedures under the law.

RA 11600 also provides for an equality clause, which grants Maynilad, upon review and approval of Congress, any advantage, favor, privilege, exemption or immunity granted under existing franchises or which may be granted subsequently to water distribution utilities.

On March 21, 2022, the MWSS BOT passed Resolution No. 2022-025-RO, Series of 2022 (the "MWSS Resolution") which deals with the tax implications following the effectivity of the legislative franchise granted to the Water Concessionaires.

The MWSS Resolution confirmed that beginning March 21, 2022, which was when the Water Concessionaires formally accepted the terms of their respective legislative franchises, the charges for water and wastewater services will no longer be subject to the 12% VAT, but will be subject to Other Percentage Tax ("OPT").

The OPT, which shall be reflected as "Government Tax" in the customers' statement of account, consists of (i) the 2% national franchise tax, and (ii) the local franchise tax implemented by the respective local government units ("LGUs") where the Business Area offices of the Water Concessionaires are located.

*Maynilad's Initial Public Offering.* On November 7, 2025, Maynilad completed its Initial Public Offering (IPO) and listed its common shares on the Philippine Stock Exchange Main Board at an offer price of ₱15.00 per share.

The base offer consisted of 1,685,222,200 primary common shares, comprising 1,660,317,400 firm shares and 24,904,800 reserved shares under a preferential offer. Additionally, there was an overallotment option covering 249,047,600 additional primary shares, of which 144,293,700 was unexercised and re-acquired by Maynilad.

In addition, an upsize option involving 354,704,200 secondary common shares was offered by MWHC, resulting in gross proceeds of ₱5,321 million which accrued to the selling shareholder.

In total, the IPO involved 2,144,680,300 shares, net of reacquired overallotment option, generating aggregate gross proceeds of approximately ₱32,170 million.

Transaction costs attributable to the primary issuance and secondary common shares offering amounted to ₱1,545 million and ₱130 million, respectively, resulting in net proceeds of approximately ₱30,495 million.

Prior to the IPO, the Company (including MWHC) held an effective ownership interest of 53.68% in Maynilad. Following the issuance of new shares and secondary sale of shares, the Company's effective ownership interest decreased to 38.24%, resulting in a dilution of 15.44%.

*Philippine Hydro, Inc. ("PHI").* In August 2012, Maynilad acquired a 100% interest in PHI, which engages in water distribution business in certain areas in central and southern Luzon. PHI is granted the sole right to distribute water in these areas under certain concession agreements granted by the Philippine government for 25 years to 2035.

<u>MPW</u>
On August 17, 2011, the Company incorporated MPW to carry on the general business of operating, managing, maintaining and rehabilitating waterworks, sewerage and sanitation systems and services, and to invest, purchase, acquire or own and dispose property of every kind in a corporation engaged in business or activities with the same purpose as MPW.

MPW's subsidiaries include: (i) Metro Iloilo Bulk Water Supply Corporation ("MIBWSC") which holds the concession for the 170 Million Liters per Day ("MLD") Bulk Water Supply Project with the Metro Iloilo Water District ("MIWD"); (ii) Metro Pacific Water Solutions Inc. (MPWS, formerly "Eco System Technologies International"), engaged in the business of designing, supplying, constructing, installing, and operating and maintaining wastewater and sewage treatment plant facilities; (iii) Cagayan De Oro Bulk Water, Inc. ("COBI"), the legal vehicle to carry out the 100 MLD Bulk Water Supply Project with Cagayan De Oro Water District; (iv) Metro Pacific Iloilo Water Inc. ("MILO"), which holds the concession for the rehabilitation, operation, maintenance, and expansion of MIWD's existing water distribution system and provision of sanitation services; and (v) MetroPac Dumaguete Holdings Corporation, an intermediary holding entity to implement the rehabilitation, operation, maintenance, and expansion of Dumaguete City Water District's existing water distribution system and development of wastewater facilities.

MPW also has subsidiaries domiciled outside of the Philippines, namely Metro Pacific Water International Limited ("MPWIL") and Metro Pacific TL Water International Limited. These foreign subsidiaries hold the investments in water companies outside of the Philippines:

- PNW holds the license to develop a water supply system that will meet clean water demand in the Chu Lai Open Economic Zone, and urban areas, industrial zones and adjacent rural areas in Quang Nam province pursuant to a 50-year Build-Own-Operate contract with the Chu Lai Open Economic Zone Authority. MPW's interest in PNW is at 55.41% as at December 31, 2025 and 2024.

- TLW is one of the largest water companies in Vietnam, with 310 MLD of installed capacity and a billed volume of approximately 102 MLD. MPW's interest in TLW is at 100% as at December 31, 2025 and 2024.

Through its subsidiary, Metro Pacific Iloilo Desalination Corp., MPW is also building a desalination plant in Iloilo City, with a capacity to produce 66,500 cubic meters of potable water daily. This would benefit 400,000 residents and businesses in the city. The facility will have cutting-edge reverse osmosis technology to convert seawater into potable water while ensuring an uninterrupted supply even in times of drought or low rainfall. The facility is expected to be fully operational by 2027.

<u>MPLRC</u>
MPIC holds 65.1% interest in MPLRC as at December 31, 2025 and 2024.

On May 28, 2020, MPIC entered into a Share Purchase Agreement ("SPA") with Sumitomo. Pursuant to the SPA, MPIC agreed to sell, and Sumitomo agreed to purchase, the MPLRC common shares representing MPIC's approximate 34.9% shareholding in MPLRC, for an aggregate consideration of approximately ₱3.04 billion, payable by Sumitomo in full in cash at Closing. Closing took place simultaneously with the entering into of the SPA on May 28, 2020, as all of the conditions precedent under the SPA had been fulfilled or waived (as the case may be). The Company recognized gain on disposal of MPLRC shares amounting to ₱729.3 million in the statement of comprehensive income for the year ended December 31, 2020.

After the transaction, Sumitomo became beneficially interested in 19.2% of the issued and outstanding capital stock of LRMC. MPIC's effective interest in LRMC decreased from 55.0% to approximately 35.8% as a result of the sale of the MPLRC shares.

Sumitomo Corporation is a corporation duly organized and existing under the laws of Japan and having its shares listed on the Tokyo Stock Exchange.

The agreement with Sumitomo also provides for Sumitomo's right to issue a put notice for all the MPLRC shares it owns in the event of a deadlock (following unsuccessful mediation procedures) and in the event of MPIC's default on its obligations under the shareholders' agreement. The exercise price for the put option is determined as a percentage of the fair value of the MPLRC shares (ranging from 87% to 100%) with the fair value determination in accordance with the shareholders' agreement. The contingent put option is accounted and valued as a derivative liability in MPIC's financial statements. Value of the derivative liability is nil as at December 31, 2025 and 2024 with the contingent events assessed to have very low probability of happening.

LRMC signed together with the Department of Transportation and Communications ("DOTC" now "DOTr") and the Light Rail Transit Authority ("LRTA") the 32-year Concession Agreement for the Light Rail Transit Line 1 Cavite Extension and Operations & Maintenance Project ("LRT-1 Project").

On September 12, 2015, LRMC took over the operations and maintenance of LRT-1 from DOTC and LRTA.

In 2016, LRMC signed a 15-year Omnibus Loan and Security Agreement (“OLSA”) with various financial institutions (collectively, as “Lenders”) amounting to ₱24.0 billion, ₱15.3 billion of which is allocated for the Cavite Extension and ₱8.7 billion for the rehabilitation of the existing LRT-1 system. As at December 31, 2025, LRMC has fully drawn its ₱24 billion 15-year OLSA to finance the rehabilitation of existing system and construction of Cavite Extension. The OLSA principal and interest payments made in 2025 amounted to ₱1,200 million and ₱1,607 million, respectively. The loan has a sponsors’ funding commitment wherein for each drawdown until end of the construction period, the sponsors/shareholders shall infuse additional equity or extend debt to LRMC in an amount necessary to meet the debt-to-equity ratio. Additional equity investment of the sponsors shall not exceed ₱15,346 million, of which ₱8,440 million is effectively allocated to MPLRC.

Construction of the Cavite Extension Basic Right of Way (“ROW”) Package 1 commenced in April 2019 and completed on November 7, 2024. The Basic ROW Packages 2 and 3 have not yet been provided by the Grantors.

In 2024, as the ridership remained below targets and no additional tariff increase was granted to LRMC, the Company performed an impairment review of its investment in MPLRC. Total impairment recognized by the Company amounted to ₱3,561.3 million in 2024 (see Note 15). No additional impairment or reversal of previously recognized impairment for its investment in MPLRC was recognized as of December 31,2025.

<u>Metro Pacific Hospitals (“MPH”)</u>
MPH holds investments in the healthcare segment. MPH is the largest private healthcare operator in the Philippines, offering a wide range of healthcare services through MPH. MPH operates 27 hospitals, 36 outpatient care centers, and six cancer care centers.

*Buhay Ventures Holdings (PH) Inc.’s (“Buhay”) Investment in MPH.* On December 9, 2019, MPIC, together with MPH, completed a series of transactions for the investment and entry of global investment firm Kohlberg Kravis Roberts & Co. (“KKR”), alongside Arran Investment Private Limited (“Arran”), in and to, MPH. MPIC issued a mandatorily exchangeable bond (“Buhay EB”) to Buhay Ventures Holdings (PH) Inc. (“Buhay”), a subsidiary of KKR which can be exchanged to MPH shares owned and held by MPIC, representing approximately 15.88% of the issued and outstanding capital stock of MPH, entitled to vote, on a fully-diluted basis. The proceeds from the issuance of the Buhay EB totaled ₱30,097 million. A similar bond (“Arran EB”) was issued to Arran in 2014 and the same was acquired by KKR.

Buhay as holder, shall be entitled, among others, to exchange the Exchangeable Bonds (Buhay EB and Arran EB) for all of the underlying shares on the earlier of (i) thirty (30) days after the date the common shares of MPH, including the underlying shares, are first listed on the PSE following its initial public offering of shares and (ii) the date that is 10 years from the issue date of the Exchangeable Bonds (“Mandatory Exchange Date”). Interest applicable to the Exchangeable Bonds shall be equivalent to the actual dividend yield of the underlying shares.

As part of KKR’s investment in MPH, MPIC granted in favor of KKR the following options (“Call Options”): (i) an irrevocable option, exercisable after the completion of this transaction, to require MPIC to sell to the Investor (and/or one or more of its designees) all or a portion of MPIC’s shares in MetroPac Apollo Holdings, Inc. (“Apollo”); and (ii) an irrevocable option, exercisable after Signing date, to require MPIC to sell to one or more newly established Philippine domestic companies or investment vehicles, each of which is wholly and beneficially owned by Filipino citizens who have relevant expertise and experience beneficial to the business of MPH. Apollo, a Philippine registered company (in which MPIC has 65% ownership as at December 31, 2025 and 2024) owns and holds all the outstanding voting preferred shares issued by MPH. Using a binomial pricing model, the fair value of the Call Options was determined to be ₱21.4 million and ₱22.6 million as at December 31, 2025 and 2024, respectively, and presented under Accrued expenses and other current liabilities.

As discussed in Note 3, the abovementioned series of transactions which provided Buhay economic interest of approximately 80%, on fully diluted basis post conversion of the Exchangeable Bonds, was accounted for as an equity transaction.

The Exchangeable Bonds included estimated tax warranties and indemnities. As at December 31, 2025 and 2024, provisions for this specific transaction amounted to ₱2,362.6 million and ₱2,450.4 million, respectively. A deferred tax liability was also recognized in relation to the equity transaction (see Note 16).

MVPHI

MVPHI was incorporated in the Philippines and registered with the Philippine SEC on March 10, 2017. On November 19, 2018, MVPHI, through its subsidiary, Surallah Biogas Ventures Corp., finalized and signed the Substrate Conversion Agreements (“Dole SCA”) with Dole Philippines, Inc. (“DPI”) to design, construct, and operate biogas facilities specifically for DPI (the “Biogas Project”).

The Biogas Project involves establishing integrated waste-to-energy (“WTE”) facilities to primarily address the waste disposal concerns of DPI and to use the derived biogas from the processing of the fruit waste to supply a portion of the diesel and power requirements of the canneries of DPI in Surallah and Polomok, both located in South Cotabato. The integrated WTE facility, consisting of a biogas plant and an embedded power generation facility has been established, owned and operated by a special purpose company within the facilities of the end-user. On July 1, 2022, both facilities have been commissioned and achieved full commercial operations.

Iloilo Waste Recovery Holdings Corporation (“IWRHC”), a wholly owned subsidiary of MVPHI, was incorporated with the Philippine SEC on May 3, 2024. IWRHC holds 96.5% of Iloilo Waste Recovery Joint Venture Corporation (“IWRJVC”), a joint venture company with the City Government of Iloilo. IWRJVC was incorporated on July 10, 2024, to undertake the design, construction, implementation, operation and maintenance of the Iloilo Integrated Solid Waste Management Facility (“ISWM Facility”). Once implemented, the ISWM Facility will be capable of processing approximately 560 metric tons per day of municipal solid waste. This project is estimated to offset 129,000 metric tons of $CO_2$ equivalent per year and convert the city’s waste into sustainable forms of energy. The groundbreaking ceremony for the construction of the ISWM Facility happened on April 4, 2025. The target completion is in 2027.

Subscription payable to MVPHI amounted to nil million and ₱70.5 million as at December 31, 2025 and 2024, respectively (see Note 9).

MPAV

In April 2022, MPIC incorporated MPAV as a holding company for its food and agriculture projects.

On June 27, 2022, MPIC entered into an Investment Framework Agreement (the “TLCI Agreement”) with Carmen’s Best Dairy Products, Inc., Carmen’s Best International Dairy Company, Inc., Real Fresh Dairy Farms, Inc., TLCI, RMJ Development Corporation, and certain individual shareholders (collectively, the “Carmen’s Best Group”). Under the TLCI Agreement, MPIC or its nominated subsidiary, MPAV, will acquire a total of 517,803 common shares, representing approximately 51% of the outstanding shares of TLCI, for a total consideration of ₱198 million. After the satisfaction of the conditions precedent including the procurement of regulatory and third-party approvals, the increase in authorized capital stock of TLCI and the consolidation of the assets and business of the Carmen’s Best Group in TLCI, the acquisition was completed on May 19, 2023. The investment was completed through a combination of secondary shares acquired from certain shareholders of TLCI and primary shares issued by TLCI to MPAV.

The Carmen’s Best Group is behind the Philippine-grown premium ice cream brand, Carmen’s Best Ice Cream, and the country’s only locally pasteurized and homogenized fresh milk, Holly’s Milk. It operates a dairy farm where it also produces artisanal cheese under the Carmen’s Best Natural Cheese and Holly’s brands.

On July 30, 2024, MPAV entered into Share Purchase Agreement for the acquisition of 175,000 common shares of Universal Harvester Dairy Farms, Inc (“UHDFI”) for a consideration amounting to ₱602 million. The acquisition was subject to customary closing conditions which were completed on September 30, 2024.

UHDFI, located in Maramag, Bukidnon, operates under the Bukidnon Milk Company brand, producing fresh milk, flavored milk, yogurt, and cheese products, with presence primarily focused on key cities in Visayas and Mindanao. Moreover, UHDFI has the largest state-of-the-art dairy production facility in the country and also a major supplier of products for the National Dairy Authority’s (“NDA”) Milk Feeding Program, which is primarily focused on ensuring school children have regular access to high-quality fresh milk.

The acquisition is MPAV’s bid to continue its mission to provide fresh, high-quality dairy products for the Filipino people.

More Veggies Please is an agricultural initiative under MPAV. The project aims to enhance food security and promote sustainable farming practices in the Philippines.

In February 2023, MPAV, in partnership with Israeli firm LR Group, broke ground on the country's largest vegetable greenhouse facility, Metro Pacific Fresh Farms (“MPFF”), located in San Rafael, Bulacan. The 22-hectare facility is designed to produce high-quality vegetables year-round using modern farming technologies that significantly reduce water, land, fertilizer, and pesticide usage.

The first ceremonial harvest took place in March 2025, marking a significant milestone in the project's development. The facility is projected to produce over 1,200 metric tons of vegetables annually, contributing to the supply of fresh produce in Metro Manila and supporting the government's goal of food security.

<u>Axelum Resources Corp. (“ARC”)</u>
On February 6, 2023, through MPAV, MPIC entered into a sales and purchase agreement with a group of sellers to acquire approximately 31.33% interest in ARC for a consideration of approximately ₱4.82 billion. On the same day, MPAV and ARC entered into an agreement to subscribe to 200 million redeemable preferred shares of ARC for a consideration of ₱0.5 billion. On December 22, 2023, MPAV paid an initial amount of ₱3,873 million, with the remaining amount to be paid upon the achievement of certain EBITDA targets of ARC. In 2023, the Company recognized a contingent liability amounting to ₱1,253 million for the balance. As a result of this transaction, MPAV now has approximately 34.76% voting interest in ARC.

ARC is a Philippine-listed corporation and is a fully integrated manufacturer of high-quality coconut products for domestic and international food and beverage companies. ARC uses all parts of the coconut in its production resulting to a full line of products, including coconut water, desiccated coconuts, coconut milk powder, coconut milk/cream, reduced fat coconut, sweetened coconut, coconut oil, and other coconut products. As the share price of ARC has been below the acquisition price of MPIC for the past year, an impairment testing was done in accordance with PAS 36 *Impairment of Assets*. The test did not result in any impairment for the years ended December 31, 2025 and 2024.

Franklin Baker Company
On November 25, 2025, Metro Pacific Coconut Holdings Corporation ("MPCHC"), a wholly owned subsidiary of MPAV, completed an investment in Franklin Baker Company of the Philippines pursuant to an Investment Agreement dated July 28, 2025. The transaction forms part of the Group's strategic expansion into the agri-food and coconut-based products value chain.

Under the Investment Agreement, MPCHC subscribed to newly issued shares of Franklin Baker consisting of 9,825,500 Voting Preferred Shares and 1,167 Non-Voting Preferred Shares, both of which are convertible into common shares on a one-to-one basis subject to the terms of the amended Articles of Incorporation and transaction documents. Following the issuance of the subscribed shares, MPCHC obtained a 40% ownership interest on a fully diluted basis.

The remaining equity interests continue to be held by the existing shareholders.

The Shareholders' Agreement provides MPCHC with board representation and participation rights in certain reserved matters, allowing participation in key financial and operating policy decisions. However, MPCHC does not have unilateral authority over the relevant activities of the investee, as governance decisions require collective board approval and MPCHC does not hold majority board representation.

Based on these arrangements, management determined that MPCHC has significant influence but not control over Franklin Baker.

In addition, MPCHC entered into an Option Agreement with the existing shareholders, granting MPCHC a call option to acquire the remaining shares of the Company and granting the existing shareholders a corresponding put option under specified conditions. As of December 31, 2025, the call and put options are not presently exercisable, as the call option period commences in 2029 or earlier upon the achievement of specified profitability conditions.

FCHI
On March 23, 2012, the Company incorporated FCHI, the purpose of which is to hold shares of stocks of companies, condominium units and other properties purely for investment purposes only. FCHI acquires real estate properties which are used to house or accommodate consultants and other guests of the Company, its affiliates, subsidiaries and other related companies.

Metro Vantage
In October 2018, MPIC incorporated Metro Vantage as a holding company for its real estate, hospitality and tourism projects. On October 18, 2024, Metro Vantage was merged with Landco, with the latter as the surviving entity.

MPHTC
On June 4, 2020, the Company incorporated MPHTC (which is doing business under the name of "mWell PH") with the primary purpose of developing, designing and managing a mobile health application for personal management of health and well-being.

mWell is now the country's first fully integrated health application, which provides health and wellness solutions which are available and accessible to anyone, anywhere, anytime.

On March 6, 2025, mWell PH signed a Sale and Purchase Agreement for 100% interest of Global Telehealth, Inc. and its subsidiaries which owns KonsultaMD, for a consideration of ₱375 million. KonsultaMD is a health app offering primary health care solutions through 24/7 online doctor consultations, medicine delivery, diagnostics, and home care to Philippine customers.

Landco
Landco is primarily engaged in all aspects of real estate business which includes real estate consultancy encompassing project management and business planning services; dealing in and disposing of all kinds of real estate projects involving commercial, industrial, urban, residential or other kinds of real property; construction, management, operation and leasing tenements of the corporation or other persons; and acting as real estate broker on a commission basis.

AFPI
AFPI was granted the rights and obligations to design, finance, construct, operate, and maintain the Automated Fare Collection System ("AFCS") Project for LRT-1, LRT-2, and Metro Railway Transit Line 3 ("MRT-3"). The AFCS Project accommodates a contactless smartcard technology for stored value ridership and contactless medium technology for single journey ridership. This system shall be expandable to allow the inclusion of accepted participants and issuers into a generic micropayment solution fulfilling other commercial functions. AFPI had its Full System Acceptance ("FSA") on December 16, 2015. Unless otherwise extended or terminated in accordance with the Service Concession Agreement, the concession period shall commence on FSA date and end ten years from the FSA date.

In 2023 and 2022, the Company recognized its share in AFPI's committed capital calls. Management believes that since the Service Concession Agreement will expire in 2025, the Company will not be able to recover its investments in AFPI. In 2025 and 2024, due to the lower-than-expected penetration rate into the micropayments business, the Company recognized additional allowance for decline in value of investment amounting to nil and ₱20 million, respectively. On December 16, 2025, DOTr approved a two-year extension of the concession agreement.

Indra Phils.
On October 14, 2015, MPIC acquired 84,012 common shares from MERALCO, comprising 24.95% of the outstanding capital stock of Indra Phils. for an aggregate purchase price of ₱326.5 million. Indra Phils. is one of the leading provider of information technology solutions to various businesses and industries in the Philippines, with engagements in utilities and telecommunications, financial services and public administration.

KM Infra
On January 29, 2021, MPIC and Keppel Infrastructure Fund Management Pte. Ltd. (in its capacity as trustee-manager of Keppel Infrastructure Trust ("KIT") completed the acquisition of 100% of the total issued capital stock of Philippine Tank Storage International Holdings, Inc. ("PTSI"). The shares of PTSI were indirectly acquired by MPIC and KIT through a series of Philippine holding companies, namely, KM Infra, Razor Crest Storage Infrastructure Holdings Corporation ("Razor Crest"), and Hyperion Storage Holdings Corporation ("Hyperion").

MPIC's total acquisition cost for the 50% effective ownership in PTSI amounted to ₱7.1 billion (including transaction costs).

PTSI wholly owns Philippine Coastal Storage and Pipeline Corporation ("PCSPC"). Strategically located in the Subic Bay Freeport Zone, PCSPC is the largest petroleum product import terminal in the Philippines with a storage capacity of approximately 6.0 million barrels. The 150-hectare facility comprises of 86 storage tanks, two piers and a pipeline infrastructure connecting the entire facility. Due to its location, PCSPC provides clients with a well-connected distribution hub to the largest economic catchment area – Metro Manila and North Luzon.

On October 23, 2024, MPIC entered into a sale and purchase agreement with KIT, Coral Terminal Holdings, Corp. ("CTHC") and Terminal PH Investments Pte. Ltd. Under the agreement, MPIC and KIT agreed to sell to CTHC all its shares (through Razor Crest) representing 100% of the total issued capital stock of Hyperion, for the total selling price of approximately US$267 million (approximately ₱15,299 million[1]). As the holder of 50% indirect stake in Razor Crest, MPIC is entitled to 50% of the selling price (subject to adjustment), which is expected to be approximately US$134 million (approximately ₱7,649 million[1]) (without taking into account any earn-out adjustment).

The total selling price is payable by CTHC in full in cash at completion and is subject to adjustments including possible earn-out payments upon the achievement of certain milestones. The transaction was completed on March 20, 2025 after securing the customary closing conditions, including regulatory approvals.

In 2024, given that the share and purchase agreement with CTHC constitutes a market indicator of value recovery, the Company reversed its previously recognized impairment loss amounting to ₱3,196.4 million.

<u>Kayana</u>
MPIC invested ₱541.75 million in Kayana Solutions Inc. for a 27.5% ownership, together with PLDT and other members of the MVP Group of Companies ("MVP Group"). Kayana will serve as a digital entity that will harness the data assets of the MVP Group and provide a platform for a group-wide digitalization effort. This collaboration represents the first step in a collective effort to drive new opportunities for growth and value within the MVP Group.

Kayana will use a tech platform that can enable the MVP Group to scale up and achieve seamless integration of services and capabilities. Further, payments and rewards systems are expected to be catalysts to empower the overall user experience.

<u>Entities under liquidation</u>

- *NOHI.* NOHI became a subsidiary of the Company in 2006 as a result of shares swap between MPHI, Metro Pacific Resources, Inc. ("MPRI"), Intalink B.V. and FPIL. NOHI was engaged in the business of real estate investments and property development, investment holding and management services. On July 18, 2012, the BOD of NOHI approved the shortening of the corporate life of NOHI to until December 31, 2013. After expiration of NOHI's corporate life on December 31, 2013, NOHI proceeded immediately to the liquidation phase, which shall take place over the succeeding three years or until the liquidation process is complete and all the Company's remaining assets have been disposed of and the proceeds divided accordingly among all those with remaining interest in the company, under the management and supervision of an appointed liquidator. NOHI holds investments in properties that have high market values based on latest appraisal and valuation report. As at April 13, 2026, clearance from the local government unit was already obtained while clearance from the Bureau of Internal Revenue ("BIR") is still being processed.

[1]*Exchange rate used is based on March 20, 2025 closing date of US$1.00 = ₱57.22*

- *FGNEC.* FGNEC participated in the bidding for the proposed sale of the 246 MW Angat Hydroelectric Power Plant but was only declared as the second ranking bidder. On July 22, 2015, the BOD of FGNEC approved the shortening of the corporate life of FGNEC to until December 31, 2016. Investment in FGNEC amounted to ₱0.3 million as at December 31, 2025 and 2024. As at April 13, 2026, FGNEC is awaiting tax clearance for closure of business.

- *Porrovia.* Porrovia's shareholders are MPIC (50%) and MPLRC (50%). On February 1, 2018, Porrovia's BODs resolved to amend and approve article four of the Articles of Incorporation ("AOI") by providing that the term for which Porrovia is to exist is from the date of issuance of certificate of incorporation until March 31, 2019. The amended AOI reflecting the shortening of the Company's corporate life to until March 31, 2019 was approved by SEC on March 23, 2018. As at April 13, 2026, clearance from the local government unit was already obtained while clearance from BIR is still being processed.

- *MGGW.* On July 29, 2016, the Company's BOD resolved to amend article four of the AOI by providing that the term for which MGGW is to exist is from the date of issuance of certificate of incorporation until December 31, 2017. During the Special Meeting of the Stockholders held on September 19, 2016, the stockholders approved the amendment. The amended AOI reflecting the shortening of the Company's corporate life to until December 31, 2017 was approved by the SEC on December 29, 2016. As at April 13, 2026, clearance from the local government unit has already been obtained while clearance from BIR is still being processed.

Equity Instruments at FVOCI

*Eight-8-Ate Holdings, Inc.*
On July 21, 2025, MPAV entered into an Investment Agreement with Eight-8-Ate Holdings, Inc. ("888") and other parties for the acquisition of 363,355,548 common shares, representing 15% ownership interest in 888, for a total consideration of ₱1.2 billion.

The investment forms part of the Group's strategy to expand and vertically integrate its agribusiness portfolio within the food and restaurant industry.

A shareholders' agreement was also executed to govern the ownership and management arrangements of 888. Under the agreement, key officers including the Chairman, President, Treasurer, and Corporate Secretary are appointed by the Board of Directors, and MPAV participates as a minority shareholder without the ability to unilaterally direct the relevant activities of the investee.

Based on the terms of the agreements and the level of ownership interest, management determined that the Group does not have significant influence over 888. Accordingly, the investment is classified as an equity instrument measured at fair value through other comprehensive income ("FVOCI") in accordance with PFRS 9 – Financial Instruments.

As at December 31, 2025, management assessed that the fair value of the investment approximates its acquisition cost, as there have been no significant developments in the business operations and no material changes in the five-year business plan that would indicate a deviation from the original investment valuation.

*SP New Energy Corporation ("SPNEC").* In March 2023, MPIC acquired 1,600,000 shares in SPNEC for ₱2.0 billion. SPNEC is a renewable energy power generation company, listed in the Philippine Stock Exchange. The Company classified this investment as equity instruments at FVOCI which is included under "Other noncurrent assets" account. As at December 31, 2025, the fair value of the investment in SPNEC is at ₱1.9 billion based on closing price of ₱1.17 per share.

*FWD Group Holdings Limited ("FWD").* On November 23, 2021, FWD Group Holdings Limited ("FWD"), a fast-growing and leading pan-Asian life insurer, publicly filed a draft registration statement with the U. S. Securities and Exchange Commission in connection with an initial public offering of American Depositary Shares representing its ordinary shares. It subsequently switched its listing venue to Hong Kong from the U.S. On December 13, 2021, the Company and FWD have agreed to implement the issue and subscription of ordinary shares with a total cost of US$10 million (₱503.5 million) as a pre-IPO investment prior to the completion of its offering. The Company classified this investment as equity instruments at FVOCI which is included under "Other noncurrent assets" account. On July 7, 2025, FWD commenced its first day of trading on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code 1828. As at December 31, 2025, the fair value of the investment in FWD is at HKD 61 million (₱459 million) based on closing price per share of HKD 38.04 (₱287.84).

*PLDT Global Investments Corporation ("PGIC").* In April 2022, MPIC invested USD$56.5 million (₱3.0 billion) in PGIC in exchange for preference shares. PGIC is a company incorporated in the British Virgin Islands. The Company classified this investment as equity instruments at FVOCI which is included under "Other noncurrent assets" account.

## 8. Property and Equipment and Software Costs

*Property and Equipment.* The account consists of:

| | January 1, 2025 | Additions/ Depreciation | Disposals | December 31, 2025 |
|---|---|---|---|---|
| Cost: | | | | |
| Transportation equipment | **₱106** | **₱35** | **(₱28)** | **₱113** |
| Leasehold improvements | **86** | **3** | **–** | **89** |
| Office equipment | **53** | **1** | **–** | **54** |
| Computer equipment | **42** | **1** | **(1)** | **42** |
| Furniture and fixtures | **13** | **–** | **–** | **13** |
| Right-of-use assets (ROU assets) | **93** | **–** | **–** | **93** |
| Construction in progress | **4** | **1** | **–** | **5** |
| | **397** | **41** | **(29)** | **409** |
| Less accumulated depreciation: | | | | |
| Transportation equipment | **68** | **20** | **(21)** | **67** |
| Leasehold improvements | **50** | **14** | **–** | **64** |
| Office equipment | **20** | **9** | **–** | **29** |
| Computer equipment | **40** | **2** | **(1)** | **41** |
| Furniture and fixtures | **10** | **2** | | **12** |
| Right-of-use asset | **54** | **18** | **–** | **72** |
| | **242** | **65** | **(22)** | **285** |
| | **₱155** | **(₱24)** | **(₱7)** | **₱124** |

| | January 1, 2024 | Additions/ Depreciation | Disposals | December 31, 2024 |
|---|---|---|---|---|
| Cost: | | | | |
| Transportation equipment | ₱104 | ₱2 | ₱– | ₱106 |
| Leasehold improvements | 86 | – | – | 86 |
| Office equipment | 46 | 7 | – | 53 |
| Computer equipment | 42 | 2 | (2) | 42 |
| Furniture and fixtures | 13 | – | – | 13 |
| Right-of-use assets (ROU assets) | 93 | – | – | 93 |
| Construction in progress | 4 | – | – | 4 |
| | 388 | 11 | (2) | 397 |
| Less accumulated depreciation: | | | | |
| Transportation equipment | 51 | 17 | – | 68 |
| Leasehold improvements | 36 | 14 | – | 50 |
| Office equipment | 10 | 10 | – | 20 |
| Computer equipment | 39 | 2 | (1) | 40 |
| Furniture and fixtures | 8 | 2 | – | 10 |
| Right-of-use asset | 35 | 19 | – | 54 |
| | 179 | 64 | (1) | 242 |
| | ₱209 | (₱53) | (₱1) | ₱155 |

The Company's property and equipment are depreciated over a period of two to five years computed on a straight-line basis or for leasehold improvements and ROU assets, over the term of the lease, whichever is shorter.

ROU assets, which include lease of office space were initially measured at the amount of the lease liability. Outstanding balance of lease liabilities as at December 31, 2025 and 2024 amounted to ₱20.5 million and ₱41.3 million, respectively (see Notes 9 and 19). For the years ended December 31, 2025 and 2024, depreciation charge relating to ROU assets recognized under "Operating expenses" amounted to ₱18.2 million (see Note 13). Interest accretion on lease liability amounted to ₱1.5 million and ₱2.4 million in 2025 and 2024, respectively (see Notes 15 and 19). Rental expenses relating to short-term and low value assets amounted to ₱7.7 million and ₱4.1 million recognized as "Others" under "Operating expenses" for the years ended December 31, 2025 and 2024, respectively (see Note 13).

The cost of fully depreciated property and equipment still in use as at December 31, 2025 and 2024 amounted to ₱215.5 million.

*Software Cost.* This represents costs of the Company's accounting and reporting system with estimated useful life of 5 years as follows:

| | January 1, 2024 | Additions/ Amortization | **December 31, 2024** | **Additions/ Amortization** | **Write off** | **December 31, 2025** |
|---|---|---|---|---|---|---|
| Cost | ₱112 | ₱– | **₱112** | **₱–** | **₱–** | **₱112** |
| Less accumulated amortization | 112 | – | **112** | **–** | **–** | **112** |
| | ₱– | ₱– | **₱–** | **₱–** | **₱–** | **₱–** |

The cost of fully amortized software still in use as at December 31, 2025 and 2024 amounted to ₱112 million.

Property and equipment and software costs are reported under "Other noncurrent assets" in the statements of financial position.

9. **Accrued Expenses and Other Current Liabilities**

This account consists of:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Accrued expenses* | **₱1,828** | ₱1,985 |
| LTIP payable (see Note 14) | **1,438** | – |
| Interest payable | **334** | 762 |
| Subscription payable (see Note 7) | **10** | 330 |
| Statutory payables | **71** | 60 |
| Accounts payable | **35** | 40 |
| Option liability (see Note 7) | **21** | 23 |
| Lease liabilities (see Note 19) | **20** | 6 |
| Others | **83** | 1 |
| | **₱3,840** | ₱3,207 |

**This pertains to personnel costs, professional fees, fringe benefit tax, and other expenses.*

10. **Long-term Debt**

MPIC's long-term debt as at December 31 comprises of the following:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Peso-denominated bank loans | **₱60,675** | ₱65,815 |
| USD-denominated bank loans | **–** | 7,520 |
| | **60,675** | 73,335 |
| Less unamortized debt issue costs | **253** | 328 |
| | **60,422** | 73,007 |
| Less current portion of long-term debt (net of unamortized debt issue costs of ₱62.1 million and ₱92.3 million as at December 31, 2025 and 2024, respectively) | **7,135** | 9,398 |
| Noncurrent portion of long-term debt | **₱53,287** | ₱63,609 |

The unamortized debt issue costs incurred in connection with the availment of long-term debt were deducted against the long-term debt. The movements in debt issue costs in 2025 and 2024 are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Balance at beginning of year | **₱328** | ₱421 |
| Debt issue costs incurred during the year | **38** | – |
| Derecognition- Prepayment (See Note 15) | **(39)** | – |
| Amortization during the year (see Note 15) | **(74)** | (93) |
| Balance at end of year | **₱253** | ₱328 |

The Company's borrowings are effectively at fixed rates ranging from 4.6% to 7.6% as at December 31, 2025 and 4.5% to 7.6% as at December 31, 2024. Certain of the Company's loans that bear a fixed rate for the first five years are subject to an interest rate repricing on the fifth year (see Note 17, *Interest Rate Risk*).

Total interest expenses, excluding amortization of debt issue costs, recognized in 2025 and 2024 amounted to ₱3.5 billion and ₱4.0 billion, respectively (see Note 15).

*Interest Repricing.* The ₱14.5 billion term loan with the Philippine National Bank was repriced based on the prevailing 5-year Bloomberg Valuation ("BVAL") rate as of November 26, 2025. The updated effective interest rate is 6.4423%, consisting of a base rate of 5.5202%, plus a spread of 0.6000% and gross receipts tax of 0.3221%.

This represents an increase from the previous rate of 4.5455%, reflecting higher benchmark rates in the current interest rate environment. The repricing will be applied prospectively in accordance with the loan agreement.

*New Loan Availment.* On December 1, 2025, the Company availed of a ₱5.0 billion term loan facility from China Banking Corporation.

The loan carries an effective interest rate of 6.0768%, based on the 5-year BVAL rate using a 3-day simple average of 5.5268%, plus a spread of 0.5500%. The facility follows a 5-year + 2-year pricing structure, with repricing after the initial 5-year period in accordance with the loan agreement.

The Company has not made any pledges as collateral with respect to the long-term debt as of December 31, 2025 and 2024.

Further, MPIC does not guarantee the borrowings of its investee companies but there are standard cross-default and cross-acceleration provisions in its loan agreements.

*Interest Rate Swap.* The Company has a US$130 million Facility Agreement with Mizuho Bank, Ltd. Singapore Branch ("Mizuho") dated January 14, 2021 which matures on January 14, 2026. Proceeds of the Loan were used for the acquisition of 50% effective share in PCSPC. The facility is a floating-rate loan with interest computed based on 6-month USD LIBOR + 2.25% margin.

In view of the uptrend in interest rate environment and expected rise in forward rates, the MPIC BOD on May 28, 2022 authorized MPIC to enter into and perform its obligations under one or more derivative transactions with Mizuho.

Management has entered into an Interest Rate Swap Agreement with Mizuho on July 25, 2022, with January 24, 2023 as effective date. The Interest Rate Swap Agreement will also mature on January 14, 2026. In addition, on November 17, 2022, MPIC entered into an amendment agreement with Mizuho. One of the salient amendments was on the benchmark to be used in setting the applicable floating rate for the Loan. This is in view of the discontinuance of LIBOR as an applicable interest rate benchmark. Under the amended agreement, the interest rate beginning January 25, 2023 will be based on Cumulative Compounded RFR Rate plus 1.45% Margin. The change will coincide with the effectivity of the Interest Rate Swap.

MPIC recognized a derivative asset at fair value amounting to nil and ₱130.3 million as of December 31, 2025 and 2024, respectively, in relation to this interest rate swap, booked under other noncurrent assets. In 2024, the hedge was fully effective. As a result of the hedge, the interest on the US$130 million loan facility with Mizuho is effectively fixed until maturity.

Shortly after the completion of the sale of PCSPC (see Note 7), the interest rate swap was terminated as the Company is now obligated to repay the Facility Agreement with Mizuho bank using its share in the proceeds of the sale. The Company recognized a gain of ₱16.9 million upon termination of the swap.

*Covenants.* These loans contain, among others, covenants regarding maintenance of reserve account and achieving certain financial ratios such as (1) debt-to-equity ratio; and (2) debt-service coverage ratio ("DSCR"). These loans contain a negative pledge on all existing and future assets of MPIC. Certain loan facilities were identified to have embedded derivatives such as prepayment options and interest rate floors. These embedded derivatives, however, are not required to be bifurcated from the host loan since: (1) the exercise price of the prepayment option approximates the carrying amount of the loan at each exercise date; and (2) interest rate floor is out of the money, hence, identified embedded derivatives are clearly and closely related to the host loan.

As at December 31, 2025 and 2024, MPIC has complied with all of its debt covenants.

## 11. Related Party Transactions

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control the Company, or which are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close family members of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form. All related party transactions are fair and at arm's length.

The following table summarizes the total amount of transactions with related parties for the relevant years:

| | Relationship | | Backoffice services fees (see Note 15) | Dividend Income (see Note 7) | Communication, light and water and Rent (see Note 13) | Donations and Contributions (see Note 13) | Total |
|---|---|---|---|---|---|---|---|
| | | | | | *(In Millions)* | | |
| MWHC | Subsidiary | **2025** | **₱–** | **₱5,757** | **₱–** | **₱–** | **₱5,757** |
| | | 2024 | ₱– | ₱2,161 | ₱– | ₱– | ₱2,161 |
| Maynilad | Subsidiary | **2025** | **–** | **338** | **–** | **–** | **338** |
| | | 2024 | – | 296 | – | – | 296 |
| MPTC | Subsidiary | **2025** | **–** | **2,320** | **–** | **–** | **2,320** |
| | | 2024 | – | 3,683 | – | – | 3,683 |
| Beacon Electric | Subsidiary | **2025** | **–** | **9,880** | **–** | **–** | **9,880** |
| | | 2024 | – | 8,520 | – | – | 8,520 |
| MERALCO | Associate | **2025** | **–** | **3,531** | **–** | **–** | **3,531** |
| | | 2024 | – | 3,034 | – | – | 3,034 |
| Indra Phils. | Associate | **2025** | **–** | **100** | **–** | **–** | **100** |
| | | 2024 | – | 75 | – | – | 75 |
| KM Infrastructure | Associate | **2025** | – | **811** | – | – | **811** |
| | | 2024 | – | – | – | – | – |
| MPH | Associate | **2025** | **1** | **–** | **–** | **–** | **1** |
| | | 2024 | – | – | – | – | – |
| SBVC | Subsidiary | **2025** | **1** | **–** | **–** | **–** | **1** |
| | | 2024 | 1 | – | – | – | 1 |
| MPLRC | Subsidiary | **2025** | – | – | – | – | – |
| | | 2024 | – | – | – | – | – |
| SAVVICE Corporation formerly known as Southbend Express Services. Inc. Manpower Services | Subsidiary | **2025** | – | – | **7** | **–** | **7** |
| | | 2024 | – | – | 5 | – | 5 |
| PLDT | Associate of FPC | **2025** | **–** | **–** | **8** | – | **8** |
| | | 2024 | – | – | 7 | – | 7 |
| Metro Pacific Investments Foundation, Inc. (MPIF) | Affiliate* | **2025** | **–** | **–** | **–** | **33** | **33** |
| | | 2024 | – | – | – | 62 | 62 |
| | | **2025** | **₱2** | **₱22,737** | **₱15** | **₱33** | **₱22,787** |
| | | 2024 | ₱1 | ₱17,769 | ₱12 | ₱62 | ₱17,844 |

** Affiliates are companies under common control or management.*

The Company provides back-office functions to its subsidiaries covered by a management agreement. Management fees are non-interest bearing, unsecured, requires cash settlement, and are not impaired. The Company, in the normal course of business, has advances with related parties. Advances are due and demandable, non-interest bearing, unsecured and requires cash settlement. Due from related parties as at December 31, 2025 and 2024 are fully collectible. No impairment loss was recognized in 2025 and 2024.

Outstanding balances as at December 31 are carried in the parent company statements of financial position under the accounts listed below.

| | | Due from related parties | | Due to related parties | |
|---|---|---|---|---|---|
| | Nature of Transaction | **2025** | 2024 | **2025** | 2024 |
| | | *(In Millions)* | | | |
| *Subsidiaries* | | | | | |
| Metro Pacific Tollways South Management Corporation | Largely reimbursement of COVID-19 vaccine | **₱4** | ₱4 | **₱–** | ₱– |
| MLCI | Advances | **9** | 9 | **–** | – |
| MPTC | Largely reimbursement of COVID-19 vaccine | **5** | 23 | **–** | – |
| NLEX | COVID-19 vaccine | **–** | – | | |
| Maynilad | Largely reimbursement of COVID-19 vaccine | **2** | 21 | **–** | – |
| SBVC | Advances | **1** | 1 | **–** | – |
| Porrovia | Advances | **–** | – | **10** | 10 |
| SAVVICE Corporation | Contractual services | **–** | – | **1** | 1 |
| MPW | Advances | **–** | – | **–** | – |
| Landco | Advances | **–** | 1 | **–** | – |
| LRMC | Advances | | | **1** | 1 |
| NLEX | Advances | **–** | – | **–** | – |
| MPHTC | Advances | **–** | – | **2** | – |
| *Associates* | | | | | |
| MPH | Service fees and advances | **4** | 7 | **–** | 2 |
| MERALCO | Advances | **9** | 25 | **–** | – |
| *Other related parties** | | | | | |
| FPC | Advances | **1** | 1 | **4** | – |
| PLDT Inc | Outside services | **–** | – | **–** | – |
| Others | Advances | **3** | 1 | **–** | 9 |
| | | **38** | 93 | **18** | 23 |
| Less current portion | | **38** | 93 | **18** | 23 |
| | | **₱–** | ₱– | **₱–** | ₱– |

**Other related parties are affiliates through FPC.*

<u>MPIF</u>

MPIF is a private nonstock, nonprofit corporation established in the Philippines on April 21, 2009 to support projects, programs and activities for the improvement of community welfare, social education and public health through giving of grants to educational institutions, supporting disaster relief rehabilitation programs and activities, and conducting/sponsoring scientific/technical research and development activities for social and economic upliftment. MPIF is the corporate foundation of MPIC.

In October 2018, MPIF obtained its certificate of registration from the Department of Social Welfare and Development. MPIF's renewal of certificate of registration was issued on July 4, 2025 while its license to operate shall be valid for three (3) years covering the period from July 4, 2025 to July 4, 2028.

On December 9, 2020, MPIF was duly accredited by the Board of Trustees of Philippine Council for Non-Governmental Organization Certification ("PCNC"). The PCNC certification was originally valid for one year until December 8, 2021 and was renewed and effective until September 23, 2030.

MPIF is also registered as a donee institution with the Bureau of Internal Revenue, entitling donors to full or limited tax deductions and exemption from donor's tax, in accordance with applicable tax regulations. The registration is valid until July 4, 2028, unless earlier revoked.

MPIC made contributions to MPIF amounting to ₱33.2 million and ₱61.5 million in 2025 and 2024, respectively.

Others

Other transactions with related parties are mainly advances to finance various projects as well as intercompany charges for share in certain operating and administrative advances. These intercompany accounts are non-interest bearing and due and demandable.

Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Compensation and benefits of the Company's key management personnel for the years ended December 31, 2025 and 2024 are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Short-term employee benefits | **₱426** | ₱466 |
| LTIP expense (see Notes 13 and 14) | **535** | 476 |
| Other employee benefits* | **41** | 30 |
| | **₱1,002** | ₱972 |

**Other employee benefits included severance pay of retired key management personnel.*

Directors' Remuneration

Annual remuneration of the directors amounted to ₱12.9 million and ₱24.0 million for the years ended December 31, 2025 and 2024, respectively (see Note 13).

Non-executive directors are entitled to a per diem allowance of ₱100,000 for each attendance in the Company's Board meetings and ₱50,000 for each attendance at the Company's Committee meetings. The Company's By-Laws provide that an amount equivalent to 1.0% of net profit after tax of the Company shall be allocated and distributed among the directors of the Company who are not officers of the Company or its subsidiaries and affiliates, in such manner as the BOD may deem proper. No accrual was made with respect to this scheme as at December 31, 2025 and 2024 in the absence of resolution from the BOD. There are no other special arrangements pursuant to which any director will be compensated.

## 12. **Equity**

Details of authorized and issued capital stock as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **No. of Shares** | **Amount** | No. of Shares | Amount |
| | | *(In Millions, except for number of shares)* | | |
| Authorized common shares – ₱500 par value (₱1 par value, before reverse stock split) | **77,000,000** | **₱38,500** | 77,000,000 | ₱38,500 |
| Authorized preferred shares: | | | | |
| Class A – ₱5.00 par value (₱0.01 par value, before reverse stock split) | **40,000,000** | **200** | 40,000,000 | 200 |
| Class B – ₱500 par value (₱1 par value, before reverse stock split) | **2,700,000** | **1,350** | 2,700,000 | 1,350 |
| Balance at December 31 | **119,700,000** | **₱40,050** | 119,700,000 | ₱40,050 |
| Issued – preferred shares – Class A | | | | |
| Balance at beginning and end of year | **18,256,211** | **₱91** | 18,256,211 | ₱91 |
| Issued and Outstanding – common shares: | | | | |
| Balance at beginning of year | **68,885,486** | **₱34,443** | 68,885,486 | ₱34,443 |
| Issuance of shares | **–** | **–** | – | – |
| Issued – common shares | **68,885,486** | **34,443** | 68,885,486 | 34,443 |
| Less: Treasury shares | **(10,377,774)** | **(22,743)** | (5,798,669) | (10,838) |
| Balance at end of year | **58,507,712** | **₱11,700** | 63,086,817 | ₱22,605 |
| Treasury shares – common shares: | | | | |
| Balance at beginning of year | **5,798,669** | **₱10,838*** | 5,779,821 | ₱10,789* |
| Share buy-back | **4,579,105** | **11,905** * | 18,848 | 49* |
| Balance at end of year | **10,377,774** | **₱22,743** * | 5,798,669 | ₱10,838* |
| Total number of stockholders | **1,462** | **–** | 1,326 | – |

**Including transaction costs*

Class A Preferred Shares
Holders of Class A Preferred Shares are entitled to vote and shall receive preferential cash dividends at the rate of 10.0% per annum based on share's par value, upon declaration made at the sole option of the BOD. Dividends on these preferred shares, which shall be paid out of the Company's unrestricted retained earnings, are cumulative whether in any period the amount is covered by available unrestricted retained earnings. No dividends or other distributions shall be paid or declared and set apart for payment in respect of the common shares, unless the full accumulated dividends on all Class A Preferred Shares shall have been paid or declared. Holders of Class A Preferred Shares do not have right to participate in any additional dividends declared for common shareholders. MPHI holds all of the Company's Class A Preferred Shares.

There are no undeclared dividends as at December 31, 2025 and 2024.

Class B Preferred Shares
The Company may issue one or more series of Class B Preferred Shares, as the BOD may determine. The BOD shall also determine (a) cash dividend rate of such preferred share, which in no case to exceed 10.0% per annum; and (b) period and manner of conversion to common shares or redemption. Dividends on these preferred shares, which shall be paid out of the Company's unrestricted retained earnings, are cumulative whether in any period the amount is covered by available unrestricted retained earnings. No dividends shall be paid or declared and set apart for payment in respect of the common shares or Class A Preferred Shares, unless the full accumulated dividends on all Class B Preferred Shares shall have been paid or declared. Holders of Class B Preferred Shares do not have right to participate in any additional dividends declared for common shareholders.

There were no Class B Preferred Shares issued in 2025 and 2024.

Voluntary Delisting
On April 26, 2023, MPIC received a Tender Offer Notice from a consortium consisting of MPHI, GT Capital Holdings, Inc. ("GTCHI"), Mit-Pacific Infrastructure Holdings, Inc. ("MPIH") and MIG Holdings Incorporated ("MIG") (collectively, the "Bidders"), expressing their intent to acquire all outstanding common shares of MPIC not already owned by them and to take the Company private through a voluntary delisting from the PSE. The Tender Offer was priced at ₱5.20 per share in cash, representing a 37% premium over the one-year VWAP and above the independent financial advisor's valuation range. The Board of Directors unanimously approved the delisting, which was subsequently endorsed by shareholders holding over 77% of the outstanding shares during the Special Stockholders' Meeting on August 8, 2023. The Tender Offer period ran from August 9 to September 19, 2023, during which 19.04% of the outstanding shares were tendered, bringing total ownership of the Bidders and related parties to 97.27%, exceeding the threshold for delisting. The PSE approved the petition for voluntary delisting on September 29, 2023, with the delisting becoming effective on October 9, 2023.

New Share Issuance
Subsequently, on November 8, 2023, MPIC entered into subscription agreements with MPHI, Mit-Pacific, MIG and the Government Service Insurance System ("GSIS") for the issuance of 2.87 billion new common shares at ₱5.20 per share, raising approximately ₱14.9 billion. The proceeds are intended to support investments, reduce head office debt and potentially facilitate the buyout of remaining minority shareholders. Following the issuance, MPIC's total issued common shares increased to 34.44 billion (68.89 million post reverse stock split) as at December 31, 2023.

Reverse Stock Split
At the Special Shareholders' Meeting held on December 4, 2023, shareholders representing more than two-thirds of the outstanding shares approved amendments to Article VII of the Company's Articles of Incorporation to effect a reverse stock split. This involved increasing the par value of common shares from ₱1.00 to ₱500.00, Class "A" preferred shares from ₱0.01 to ₱5.00, and Class "B" preferred shares from ₱1.00 to ₱500.00, resulting in a corresponding reduction in the number of authorized shares across all share classes. The Amended Articles of Incorporation were subsequently approved by the Securities and Exchange Commission on September 12, 2024.

Following the reverse stock split, fractional shares were settled either through cash payouts or, for eligible shareholders, through a differential payment option to maintain whole shareholdings. As of December 31, 2025, the Company had repurchased 467 fractional common shares amounting to ₱1.2 million.

Treasury Shares
The Company implemented a series of Share Buyback Program from 2020-2022. The purpose for the Share Buyback Program was to improve shareholder value.

On November 20, 2023, the MPIC BOD authorized the Company to buy back shares held by minority shareholders who missed the opportunity to participate in the delisting tender offer conducted by certain shareholders of the Company. The Company's offer is to buy back common shares held by minority shareholders at a purchase price of ₱5.20 per share, with a portion of the buyback price to be withheld by the Company until the selling shareholder delivers all documents required to fully consummate the transaction. The capital gains tax and documentary stamp tax shall be for the account of the selling shareholder. The buyback shall be implemented for a limited period and subject to a budget approved by the BOD, as may be adjusted from time to time, as the BOD may deem appropriate. As at April 13, 2026, the Company has bought back a total of 10,377,675 shares post reverse stock split.

Buyback of Shares from Mit-Pacific Infrastructure Holdings Corporation ("MPIH")
On September 26, 2024, Metro Pacific Investments Corporation ("MPIC") entered into a Framework Agreement with MPIH. Under the agreement, the parties agreed on the following:

- the proposed buyback by MPIC of 4,577,488 common shares of MPIC from MPIH, representing 50% of the common shares of MPIC held by MPIH, or approximately 7.3% of the total outstanding common shares of MPIC, for a total buyback price of ₱11,901 million;
- the proposed issuance of MPIC of an exchangeable bond to MPIH ("MPIH EB") for an aggregate subscription price of ₱11,901 million. The MPIH EB will be exchangeable for 1,495,258 MPTC shares held by MPIC, representing approximately 6.6% interest in MPTC;
- the consideration for the buyback shall be payable by MPIC to MPIH in cash in full at closing.

The transaction resulted in a net gain on dilution of a subsidiary amounting to ₱5,312 million arising from the difference between the exchangeable bond subscription price and the carrying value of the MPTC shares exchanged. This was partially offset by transaction costs and tax provisions.

MPIH stake in MPIC was reduced to approximately 7.8% after the transaction was completed on January 17, 2025.

After the exchange of the MPIH EB in full, MPIC and MPIH shall have approximately 93.3% and 6.6% interest in MPTC, respectively.

Dividends

Dividends declared and paid are as follows:

| | 2025 | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Declared and paid: | | |
| Final dividend: | | |
| Common shareholders (₱64.10 and ₱70.05 per share as final dividends for the calendar years in 2024 and 2023) | **₱2,749.9** | ₱4,419.3 |
| Class A preferred shareholders | **4.6** | 4.6 |
| Interim dividend declared and paid during the year: | | |
| Common shareholders (₱47.00 per share and ₱50.00 per share in 2025 and 2024, respectively) | **3,750.4** | 3,154.3 |
| Class A preferred shareholders | **4.6** | 4.6 |
| | **₱6,509.5** | ₱7,582.8 |

On March 11, 2026, the MPIC Board of Directors approved the declaration of the cash dividends of ₱63.46 per common share in favor of MPIC's shareholders of record as of the record date at April 16, 2026 with payment date of May 11, 2026. On the same date, the BOD also approved the declaration of cash dividends amounting to a total of ₱4.6 million in favor of MPHI as the sole holder of Class A Preferred shares.

## 13. Operating Expenses

This account consists of:

| | 2025 | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Personnel costs | **₱1,129** | ₱1,047 |
| Corporate initiatives | **463** | 687 |
| Taxes and licenses | **275** | 139 |
| Professional fees | **200** | 290 |
| Provisions | **174** | – |
| Depreciation and amortization (see Note 8) | **66** | 63 |
| Outside services | **51** | 45 |
| Transportation and travel | **40** | 37 |
| Public relation | **39** | 60 |
| Supplies | **24** | 21 |
| Seminars and conferences | **22** | 14 |
| Insurance | **18** | 11 |
| Utilities (see Note 11) | **18** | 11 |
| Donations and contributions (see Note 11) | **16** | 98 |
| Directors' fee (see Note 11) | **13** | 24 |
| Repairs and maintenance | **6** | 12 |
| Membership dues | **4** | 6 |
| Provision for ECL | **–** | 471 |
| Others | **109** | 152 |
| | **₱2,667** | ₱3,188 |

Personnel costs for the years ended December 31, 2025 and 2024 consist of:

| | 2025 | 2024 |
|---|---|---|
| | *(In Millions)* | |
| LTIP expense (see Note 14) | **₱535** | ₱476 |
| Salaries and wages | **530** | 522 |
| Employee leaves | **21** | 16 |
| Fringe benefit tax | **7** | 6 |
| Retirement cost (see Note 14) | **4** | 1 |
| Other employee benefits* | **32** | 26 |
| | **₱1,129** | ₱1,047 |

**Other employee benefits include benefits of retired and resigned employees.*

## 14. Employee Benefits

LTIP

Certain of the Company's employees are eligible for long-term employee benefits under a long-term incentive plan. The liability recognized on the LTIP comprises the present value of the defined benefit obligation and was determined using the projected unit credit method. Each LTIP performance cycle generally covers 3 years (e.g., 2023 to 2025) with payment intended to be made at the end of each cycle (without interim payments) and is contingent upon the achievement of certain approved economic, environmental, social and governance targets of the Company annually and by the end of the performance cycle.

Each LTIP performance cycle is approved by the BOD of the Company. Upon approval of the BOD and achievement of targets for the years 2023, 2024 and 2025, the LTIP was paid out in March 2026.

The total cost of the LTIP for 2025 and 2024 amounted to ₱534.7 million and ₱476.4 million, respectively, included in "Personnel costs" under "Operating expenses" in the statements of comprehensive income (see Note 13). LTIP payable is presented under "Other current liabilities" as at December 31, 2025 and "Other noncurrent liabilities" as at December 31, 2024.

The details of LTIP payable as at December 31 are as follows:

| | 2025 | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Beginning balance | **₱903** | ₱427 |
| Current provision | **535** | 476 |
| LTIP payable | **₱1,438** | ₱903 |

Pension

On July 14, 2022, the MPIC BOD approved the adoption of an amended Retirement Plan, which shall be referred as the Metro Pacific Investments Corporation Beneficial Trust Fund ("MPIC BTF"). The MPIC BTF is converted into a defined benefit pension plan and removes the defined contribution scheme which previously allowed the employees to make a personal contribution to the fund. The amendment includes revised vesting period and coverage for eligible regular employees.

The plan assets are maintained in trust accounts with local banks. While there are no minimum funding standards in the Philippines, the companies annually engage the services of an actuary to conduct a valuation study to determine the retirement obligations and the level of funding to ensure that the assets currently in the fund would be sufficient to cover expected benefit payments.

*Retirement Costs.* The following tables summarize the components of the retirement costs under the defined contribution plan included in "Personnel costs" under "Operating expenses" account in the parent company statements of comprehensive income.

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Current service cost | **₱28** | ₱22 |
| Net interest income | | |
| Interest Expense on DBO | **11** | 8 |
| Interest Income on Plan Assets | **(50)** | (44) |
| Interest on the Effect of the Asset Ceiling | **15** | 15 |
| Total retirement cost (see Note 13) | **₱4** | ₱1 |

Remeasurement effects recognized in OCI are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Actuarial loss | **(₱37)** | (₱20) |
| Gain on return on plan assets excluding amount included in net interest cost | **271** | 59 |
| Effect of the asset ceiling | **(120)** | 8 |
| | **114** | 47 |
| Deferred tax (see Note 16) | **(29)** | (12) |
| Actuarial gain, net of deferred tax | **₱85** | ₱35 |

The funded status and amounts recognized in the parent company statements of financial position for pension asset (presented under "Other noncurrent assets") are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Present value of obligation | **(₱263)** | (₱187) |
| Fair value of plan assets | **1,146** | 825 |
| Effect of the asset ceiling | **(375)** | (240) |
| Pension asset - net | **₱508** | ₱398 |

Movements in the present value of obligation are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Present value of obligation at the beginning of year | **₱187** | ₱137 |
| Current service cost | **28** | 22 |
| Interest cost | **11** | 8 |
| Actuarial loss (gain) due to: | | |
| Experience adjustments | **11** | 14 |
| Changes in demographic assumptions | **30** | 7 |
| Changes in financial assumptions | **(4)** | (1) |
| Present value of obligation at the end of year | **₱263** | ₱187 |

Movements in the fair value of plan assets are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Fair value of plan assets at beginning of year | **₱825** | ₱722 |
| Interest income included in net interest cost | **50** | 44 |
| Actuarial gain- return on plan assets | **271** | 59 |
| Fair value of plan assets at end of year | **₱1,146** | ₱825 |
| Actual gain on plan assets | **₱321** | ₱103 |

The allocations of the fair value of the trust fund as at December 31, 2025 and 2024 are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In %)* | |
| Investments in: | | |
| Corporate equities, Government securities and Bonds | **77** | 68 |
| Unit trust funds | **5** | 6 |
| Cash and cash equivalents | **18** | 26 |
| | **100** | 100 |

As at December 31, 2025 and 2024, the trust fund consists of the following:

- Investments in government and corporate securities include fixed-rate treasury notes, equity securities and retail treasury bonds and debt securities that bear interest ranging from 4.25% to 8.75% per annum for 2025 and 2024 and have maturities of up to 2030 as at December 31, 2025 and 2024.

- Unit trust funds include subscription with unit investment fund offered by local institutional investment banks.

- Cash and cash equivalents include regular savings and time deposits, which bear interest of nil per annum as at December 31, 2025 and 2024.

While the Company does not perform any Asset-Liability Matching Study, the risks arising from the nature of the assets comprising the fund, are mitigated as follows:

- *Credit Risks.* Exposure to credit risk arises from financial assets comprising cash and cash equivalents and investments. The credit risk results from the possible default of the issuer of the financial instrument, with a maximum exposure equivalent to the carrying amount of the instruments. The risk is minimized by ensuring that the exposure is limited only to the instruments as recommended by the fund managers.

- *Share Price Risk.* Exposure arises from holdings of shares of stock being traded at the PSE. The price risk emanates from the volatility of the stock market. Policy is to limit investment in shares of stock to blue chip issues or issues with good fair values.

- *Liquidity Risk.* This risk relates to the risk that the fund is unable to meet its payment obligations associated with its retirement liability when they fall due. To mitigate this risk, the Company contributes to the fund from time to time, based on the recommendations of the actuary with the objective of maintaining their respective fund in a sound condition.

The principal assumptions used to determine pension benefits as at December 31 are as follows:

| | **2025** | 2024 |
|---|---|---|
| Discount rate | **6.33%** | 6.12% |
| Salary increase rate | **8.00%** | 8.00% |

The discount rate represents the range of single weighted average discount rate used by the Company in arriving at the present value of defined benefit obligation, service and interest cost components of the retirement cost. Assumptions regarding future mortality rate are based on the 2017 Philippine Intercompany Mortality Table, which provide separate rates for males and females.

The weighted average duration of the expected benefit payments is approximately 6.9 years and 5.7 years in 2025 and 2024, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Less than one year | **₱74** | ₱57 |
| More than one year to five years | **108** | 98 |
| More than five years to 10 years | **254** | 175 |
| More than 10 years to 15 years | **145** | 119 |
| More than 15 years | **509** | 203 |

*Sensitivity Analysis.* The calculation of the defined benefit obligation is sensitive to the assumptions set above. The following table summarizes how the present value of defined benefit obligation as at December 31 would have increased (decreased) as a result of change in the respective assumptions by:

| | Movements | **2025** | 2024 |
|---|---|---|---|
| | | *(In Millions)* | |
| Discount rate | +1% | **(₱17)** | (₱10) |
| | -1% | **19** | 11 |
| Salary increase rate | +1% | **19** | 11 |
| | -1% | **(17)** | (10) |

The Company does not expect to make cash contributions to its retirement fund in 2026.

## 15. Interest Income, Interest Expense and Other Income (Expenses)

Below are the sources of Company's interest income, interest expense and other income (expenses):

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Interest income: | | |
| Cash and cash equivalents, short-term deposits and restricted cash (see Note 5) | **₱403** | ₱722 |
| | **₱403** | ₱722 |
| Interest expense: | | |
| Long-term debt (see Note 10) | **₱3,546** | ₱3,999 |
| Accretion on financial liabilities (see Notes 7 and 9) | **263** | 133 |
| Amortization of debt issue cost (see Note 10) | **74** | 93 |
| Accretion on lease liabilities (see Notes 8, 18 and 19) | **2** | 2 |
| | **₱3,885** | ₱4,227 |
| Other income (expenses) – net: | | |
| Gain on dilution of Subsidiary (see Notes 7 and 12) | **₱5,312** | ₱– |
| Remeasurement of tax provisions (see Notes 7 and 12) | **1,070** | – |
| Gain on reversal of impairment (see Note 7) | **–** | 3,197 |
| Change in fair value of financial liability (see Notes 3 and 7) | **220** | 68 |
| Backoffice services fees (see Note 11) | **2** | 1 |
| Change in fair value of derivative | **1** | – |
| Provision for impairment of assets (see Note 7) | **–** | (3,799) |
| Provision for non-recoverability of input taxes (see Notes 3 and 4) | **(57)** | (45) |
| Foreign exchange loss | **100** | (304) |
| Others* | **(4)** | 27 |
| | **₱6,644** | (₱855) |

**Includes remeasurement of provisions (see Note 7) and other items.*

## 16. Income Taxes

Current Tax and Final Tax

The provision for current income tax which represents MCIT for the years ended December 31, 2025 and 2024 amounted to ₱0.7 million and ₱0.9 million, respectively. MCIT is imposed where RCIT at 25% is less than the 2% MCIT. Final tax for the years ended December 31, 2025 and 2024 amounted to ₱79.0 million and ₱153.7 million, respectively, which is solely from interest income earned from banks.

Deferred Tax

a. The Company's net deferred tax liabilities as at December 31 are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Net Deferred tax liabilities: | | |
| Gain on dilution of interest in MPH (see Note 7) | **₱6,848** | ₱6,848 |
| Pension asset (see Note 14) | **127** | 99 |
| Change in fair value of financial asset | **(11)** | (18) |
| Change in fair value of cash flow hedge | **–** | 33 |
| | **₱6,964** | ₱6,962 |

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Net movement recognized in: | | |
| Profit or loss | **₱10** | ₱– |
| Equity (OCI and Equity reserve) | **(12)** | (45) |
| | **(₱2)** | (₱45) |

b. The details of the carryforward benefits of excess NOLCO, MCIT and other deductible temporary difference for which deferred tax assets were not recognized as at December 31, 2025 and 2024 since management believes that it is not probable that future taxable income will be available against which the deferred tax assets can be utilized as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Items recognized in profit and loss: | | |
| NOLCO | **₱21,073** | ₱28,014 |
| Deductible temporary differences | **6,690** | 6,517 |
| MCIT | **2** | 2 |
| | **₱27,765** | ₱34,533 |

The carryforward benefits of excess MCIT amounting to ₱2 million as at December 31, 2025 and December 31, 2024, can be claimed as tax credit against future income taxes payable as follows:

| Year Incurred | Balance as at December 31, 2024 | Additions | Expired | Balance as at December 31, 2025 | Expiry Year |
|---|---|---|---|---|---|
| | | *(In Millions)* | | | |
| **2025** | **₱–** | **₱1** | **₱–** | **₱1** | **2028** |
| 2024 | 1 | – | – | 1 | 2027 |
| 2023 | – | – | – | – | 2026 |
| 2022 | 1 | – | (1) | – | 2025 |
| | ₱2 | ₱1 | (₱1) | ₱2 | |

On September 30, 2020, the BIR issued RR No. 25-2020 implementing Section 4 (bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2025, the Company has incurred NOLCO after 2022 and before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

| Year Incurred | Balance as at December 31, 2024 | Additions | Expired | Balance as at December 31, 2025 | Expiry Year |
|---|---|---|---|---|---|
| | | *(In Millions)* | | | |
| **2025** | **₱–** | **₱5,312** | **₱–** | **₱5,312** | **2028** |
| 2024 | 5,018 | – | – | 5,018 | 2027 |
| 2023 | 5,253 | – | – | 5,253 | 2026 |
| 2022 | 5,299 | – | (5,299) | – | 2025 |
| | ₱15,570 | ₱5,312 | (₱5,299) | ₱15,583 | |

As of December 31, 2025, the Company has incurred NOLCO in taxable year 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

| Year Incurred | Balance as at December 31, 2024 | Additions | Expired | Balance as at December 31, 2025 | Expiry Year |
|---|---|---|---|---|---|
| | | *(In Millions)* | | | |
| 2021 | ₱5,490 | ₱– | ₱– | ₱5,490 | 2026 |
| 2020 | 6,954 | – | (6,954) | – | 2025 |
| | ₱12,444 | ₱– | (₱6,954) | ₱5,490 | |

Following the enactment of CREATE, the applicable statutory tax rate in 2025 and 2024 is at 25%. The Company has no taxable income subject to RCIT for the years ended December 31, 2025 and 2024. The reconciliation between the Company's statutory income tax and the effective income tax on net income (current income tax) for the years ended December 31, 2025 and 2024 follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions)* | |
| Income before income tax at RCIT | **₱5,808** | ₱2,555 |
| Adjustments for: | | |
| Dividend income exempted from final tax | **(5,684)** | (4,442) |
| Additional NOLCO | **1,305** | 1,254 |
| Nondeductible expenses | **375** | 1,630 |
| Nontaxable income | **(1,678)** | (816) |
| Unrealized foreign exchange loss | **(25)** | – |
| Income already subjected to final tax | **(101)** | (181) |
| Additional MCIT | **1** | 1 |
| Deferred income tax on interest rate swap | **(9)** | – |
| Recognition of DTL on pension asset | **(1)** | – |
| Final tax | **79** | 154 |
| Current and deferred income tax | **₱70** | ₱155 |

## 17. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist mainly of borrowings from third party lenders and creditors, proceeds of which were used for the acquisition of investments. The Company has other financial assets and financial liabilities such as cash and cash equivalents and short-term deposits, restricted cash, receivables, accrued expenses and other current liabilities, as well as other related party transactions that arise directly from the Company's operations. The Company also holds financial assets.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk.

The BOD reviews and approves policies of managing each of these risks and they are summarized below.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates relate primarily to its long-term debt. The Company manages interest rate exposure by using a mix of fixed rate and variable rate debts or entering into derivative transaction, particularly interest rate swaps.

Fixed rate debt is subject to fair value interest rate risk while variable rate debt is subject to cash flow interest rate risk. Save for certain loans that are subject to interest rate repricing on the fifth year (see Note 10), the Company's interest on long-term debts are fixed until maturity as at December 31, 2025. Should the interest rate on the repricing date for this loan be significantly higher than the current fixed rate, the Company has an option to prepay or refinance the loan starting on or after the second year at every interest payment date.

As at December 31, 2025, the Company's borrowings are effectively at fixed rates (see Note 10), hence, no significant interest rate risk.

Foreign Currency Risk
To manage the Company's foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, and to improve investment and cash flow planning, MPIC avoids currency and investment cycle mismatches by borrowing mostly in Pesos or in a currency that matches the investment's operating cash flows.

The Company's foreign currency-denominated financial assets and liabilities as at December 31:

| | December 31, 2025 | |
|---|---|---|
| | Original Currency | Total Peso |
| | US Dollar | Equivalent |
| | *(in Millions)* | |
| Assets: | | |
| Cash and cash equivalents | **$–** | **₱10** |
| Net foreign currency – denominated assets | **$–** | **₱10** |

| | December 31, 2024 | |
|---|---|---|
| | Original Currency | Total Peso |
| | US Dollar | Equivalent |
| | *(in Millions)* | |
| Assets: | | |
| Cash and cash equivalents | $– | ₱6 |
| Short-term deposits | 2 | 118 |
| | 2 | 124 |
| Liabilities: | | |
| Accrued expenses and other current liabilities | (3) | (160) |
| Long-term debts | (129) | (7,473) |
| | (132) | (7,633) |
| Net foreign currency – denominated liabilities | ($130) | (₱7,509) |

The exchange rates used to determine the Peso value are as follows:

| | US Dollar |
|---|---|
| **December 31, 2025** | **₱58.79** |
| December 31, 2024 | ₱57.85 |

The following table demonstrates sensitivity of cash flows due to changes in foreign exchange rates with all variables held constant. The estimates in the movement of the foreign exchange rates were based on the management's annual financial forecast.

| | **December 31, 2025** | | December 31, 2024 | |
|---|---|---|---|---|
| | Increase/ Decrease in Foreign Exchange Rates | Effect on Income Before Income Tax | Increase/ Decrease in Foreign Exchange Rates | Effect on Income Before Income Tax |
| | | *(In Millions)* | | *(In Millions)* |
| US Dollar | **+5%** | **–** | +5% | (₱381) |
| US Dollar | **–5%** | **–** | –5% | 381 |

Liquidity Risk

The Company manages its liquidity profile to be able to finance its capital expenditures and service its maturing debts by maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities (see Note 10).

The Company monitors its cash position using a cash forecasting system. All expected collections, check disbursements and other cash payments are determined on a daily basis to arrive at the projected cash position to cover its obligations and ensuring that obligations are met as they fall due. The Company monitors its cash flow position particularly the collections from receivables, receipts of dividends and the funding requirements of operations to ensure an adequate balance of inflows and outflows. The Company also has an online facility with its depository banks wherein bank balances are monitored daily to determine the actual Company cash balances at any time. The Company has cash and cash equivalents and short-term deposits amounting to ₱7.8 million and ₱9.1 million as at December 31, 2025 and 2024, respectively, which are allocated to meet the Company's short-term liquidity needs.

The Company's liquidity and funding management process include the following:

1. Managing the concentration and maturity profile of debt maturities;
2. Maintaining debt financing plans; and

3. Monitoring statement of financial position liquidity ratios against internal, external and regulatory requirements.

Liquidity risk concentrations arise when a number of economic features would cause the Company's ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. As at December 31, 2025 and 2024, the Company's current assets are lower than the current liabilities. However, the Company expects that dividends and other collections will be more than sufficient to cover the difference. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including future interest payments:

| | Not exceeding 1 year | More than 1 year but not exceeding 2 years | More than 2 years but not exceeding 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| | | | (In Millions) | | |
| December 31, 2025 | | | | | |
| Accrued expenses and other current liabilities [(a)] | **₱1,978** | **₱–** | **₱–** | **₱–** | **₱1,978** |
| Due to related parties | **18** | **–** | **–** | **–** | **18** |
| Long-term debts (Principal and interest) | **10,124** | **21,632** | **28,626** | **5,034** | **65,416** |
| | **₱10,142** | **₱21,632** | **₱28,626** | **₱5,034** | **₱67,412** |
| December 31, 2024 | | | | | |
| Accrued expenses and other current liabilities [(a)] | ₱2,379 | ₱– | ₱– | ₱– | ₱2,379 |
| Due to related parties | 23 | – | – | – | 23 |
| Long-term debts (Principal and interest) | 11,451 | 23,926 | 37,586 | 11,427 | 84,390 |
| | ₱13,853 | ₱23,926 | ₱37,586 | ₱11,427 | ₱86,792 |

[(a)] *Excludes statutory payable.*

Credit Risk

Credit risk is the risk that the Company will incur a loss arising from counterparties that fail to discharge their contracted obligations. The Company manages and controls credit risk by setting limits on the amount of risk that the Company is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Company's exposure to credit risk is equal to the carrying amount of its financial assets, except for those presented in the following table. The Company has no concentration of credit risk.

With the exception of cash and cash equivalents, short-term deposits and restricted cash, the maximum exposure to credit risk (both pre and post consideration of collateral and credit enhancements) at the reporting date is the carrying value of each class of financial assets disclosed in Note 18.

The maximum exposure to credit risk on cash and cash equivalents without considering the effects of collaterals, credit enhancements and other credit risk mitigation techniques is the carrying value of this financial asset. After considering the credit enhancement pertaining to insured deposits in banks as prescribed by Philippine Deposit Insurance Corporation, net maximum exposure as at December 31, 2025 and 2024 amounted to ₱7,884.0 million and ₱9,253.4 million, respectively.

*Impairment of Financial Assets*

The Company's receivables are subject to the expected credit loss model. While cash and cash equivalents and short-term deposits are also subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.

The Company applies the PFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for receivables. To measure the ECL, 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 relevant counterparties over a period of at least 24 months before the relevant reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors [where applicable, gross domestic product ("GDP") rate, inflation rate and unemployment rate] affecting the ability of the counterparties to settle the receivables. Generally, receivables are written off if past due for more than one year and are not subject to enforcement activity.

Impairment losses on receivables are presented as "Provision for ECL" under "Operating expenses" in the statements of comprehensive income.

There are no significant concentrations of credit risk, whether through exposure to individual counterparty, specific industry sectors and/or regions.

Set out below is the information about the credit risk exposure on the Company's receivables and due from related parties:

| | | Days past due | | | | | |
|---|---|---|---|---|---|---|---|
| | Current | <30 | 31-60 | 61-90 | >91 | | Total |
| | | Not Credit-impaired | | | | Credit-impaired | |
| | | *(In Millions except for the Expected Loss Rates)* | | | | | |
| December 31, 2025: | | | | | | | |
| Expected loss rate | **–%** | **–%** | **–%** | **–%** | **–%** | **100%** | **85%** |
| Gross carrying amount: | | | | | | | |
| Receivables: | | | | | | | |
| Accounts receivable | **₱15** | **₱–** | **₱–** | **₱–** | **₱–** | **₱–** | **₱15** |
| Interest receivables | **31** | – | – | – | – | – | **31** |
| Advances to employees | **9** | – | – | – | – | – | **9** |
| Other receivables (see Notes 6 and 7) | **2** | – | – | – | – | **542** | **544** |
| Due from related parties | **2** | **3** | **–** | **–** | **33** | – | **38** |
| | **59** | **3** | **–** | **–** | **33** | **542** | **637** |
| Loss allowance: Receivables (see Notes 6 and 7) | **–** | **–** | **–** | **–** | **–** | **(542)** | **(542)** |
| | **₱59** | **₱3** | **₱–** | **₱–** | **₱33** | **₱–** | **₱95** |
| December 31, 2024: | | | | | | | |
| Expected loss rate | –% | –% | –% | –% | –% | 100% | 77% |
| Gross carrying amount: | | | | | | | |
| Receivables: | | | | | | | |
| Accounts receivable | ₱30 | ₱– | ₱– | ₱– | ₱– | ₱– | ₱30 |
| Interest receivables | 31 | – | – | – | – | – | 31 |
| Advances to employees | 7 | – | – | – | – | – | 7 |
| Other receivables (see Notes 6 and 7) | 1 | – | – | – | – | 542 | 543 |
| Due from related parties | 22 | – | – | – | 71 | – | 93 |
| | 91 | – | – | – | 71 | 542 | 704 |
| Loss allowance: Receivables (see Notes 6 and 7) | – | – | – | – | – | (542) | (542) |
| | ₱91 | ₱– | ₱– | ₱– | ₱72 | ₱– | ₱162 |

The closing loss allowance for receivables as at December 31 reconcile to the opening loss allowance based on lifetime ECL is as follows:

| | Receivables |
|---|---|
| Opening loss allowance as at January 1, 2024 | ₱71 |
| Addition | 471 |
| Balance as at December 31, 2024 and 2025 | ₱542 |

Capital Management

The primary objective of the Company's capital management policies is to ensure that the Company maintains a strong financial position and healthy capital ratios to support its business and maximize shareholder value.

MPIC's loan agreements require achievement of certain financial ratios (see Note 10). Moreover, under the loan agreements, MPIC needs to achieve a DSCR to be able to declare dividends. As at December 31, 2025 and 2024, MPIC is in compliance with the required financial ratios and other loan covenants.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may obtain additional advances from shareholders, return capital to shareholders, issue new shares or new debt or redeem existing debt. No changes were made in the objectives, policies or processes during the years ended December 31, 2025 and 2024.

The Company monitors capital on the basis of debt-to-equity ratio. Debt-to-equity ratio is calculated as long-term debt over equity.

In 2025 and 2024, the Company's strategy, which was unchanged from previous years, was to maintain a sustainable debt-to-equity ratio. The debt-to-equity ratios on December 31, 2025 and 2024 are as follows:

| | **2025** | 2024 |
|---|---|---|
| | *(In Millions except for the debt-to-equity ratio)* | |
| Long-term debt (see Note 10) | **₱60,422** | ₱73,007 |
| Equity (see Note 12) | **166,141** | 160,984 |
| Debt-to-equity ratio | **36%** | 45% |

18. **Financial Assets and Financial Liabilities**

Categories of Financial Instruments
The categories of the Company's financial assets and financial liabilities, other than cash and cash equivalents and short-term deposits and restricted cash are:

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Financial Assets | | | Financial Liabilities | | |
| | Amortized Cost | FVPL | FVOCI | Amortized Cost | FVPL | Total |
| | *(In Millions)* | | | | | |
| **ASSETS** | | | | | | |
| Receivables | **₱57** | **₱–** | **₱–** | **₱–** | **₱–** | **₱57** |
| Due from related parties | **38** | – | – | – | – | **38** |
| Other deposits [(a)] | **1,098** | – | – | – | – | **1,098** |
| Other noncurrent assets: | | | | | | |
| Unquoted equity shares | – | – | **2,998** | – | – | **2,998** |
| Quoted equity shares | – | – | **2,331** | – | – | **2,331** |
| Quoted club shares | – | – | **50** | – | – | **50** |
| | **₱1,193** | **₱–** | **₱5,379** | **₱–** | **₱–** | **₱6,572** |
| **LIABILITIES** | | | | | | |
| Accrued expenses and other current liabilities[(b)] | **₱–** | **₱–** | **₱–** | **₱2,292** | **₱21** | **₱2,313** |
| Due to related parties | – | – | – | **18** | – | **18** |
| Long-term debt | – | – | – | **60,422** | – | **60,422** |
| | **₱–** | **₱–** | **₱–** | **₱62,732** | **₱21** | **₱62,752** |

[(a)] *Included under 'Other current assets'*
[(b)]*Excludes statutory payables.*

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Financial Assets | | | Financial Liabilities | | |
| | Amortized Cost | FVPL | FVOCI | Amortized Cost | FVPL | Total |
| | *(In Millions)* | | | | | |
| **ASSETS** | | | | | | |
| Receivables | ₱69 | ₱– | ₱– | ₱– | ₱– | ₱69 |
| Due from related parties | 93 | – | – | – | – | 93 |
| Other noncurrent assets: | | | | | | |
| Unquoted equity shares | – | – | 3,298 | – | – | 3,298 |
| Quoted equity shares | – | – | 1,632 | – | – | 1,632 |
| Other deposits [(a)] | 94 | – | – | – | – | 94 |
| Derivative asset | – | – | 130 | – | – | 130 |
| Quoted club shares | – | – | 50 | – | – | 50 |
| | ₱256 | ₱– | ₱5,110 | ₱– | ₱– | ₱5,366 |
| **LIABILITIES** | | | | | | |
| Accrued expenses and other current liabilities[(b)] | ₱– | ₱– | ₱– | ₱3,118 | ₱23 | ₱3,141 |
| Due to related parties | – | – | – | 23 | – | 23 |
| Long-term debt | – | – | – | 73,007 | – | 73,007 |
| | ₱– | ₱– | ₱– | ₱76,148 | ₱23 | ₱76,171 |

[(a)] *Included under 'Other current assets'*
[(b)]*Excludes statutory payables.*

Fair Values

The fair value of the assets and liabilities is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. The following tables summarize the carrying amounts and fair values of the assets and liabilities, analyzed among those whose fair value is based on:

i. Level 1 - Quoted market prices in active markets for identical assets or liabilities
ii. Level 2 - Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices–; and
iii. Level 3 - Those with inputs for the asset or liability that are not based on observable market data (unobservable input).

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | **Carrying Value** | **Level 1** | **Level 2** | **Level 3** | **Total Fair Value** |
| | | | *(In Millions)* | | |
| **Assets measured at fair value** | | | | | |
| Equity Instruments at FVOCI | | | | | |
| Unquoted equity shares | **₱2,998** | **₱–** | **₱–** | **₱2,998** | **₱2,998** |
| Quoted equity shares | **2,331** | **2,331** | **–** | **–** | **2,331** |
| Golf club shares | **50** | **–** | **50** | **–** | **50** |
| | **₱5,379** | **₱2,331** | **₱50** | **₱2,998** | **₱5,379** |
| **Liabilities measured at fair value** | | | | | |
| Financial Liabilities at FVPL | | | | | |
| Option Liability | **₱21** | **₱–** | **₱–** | **₱21** | **₱21** |
| **Liabilities for which fair values are disclosed** | | | | | |
| Financial Liabilities at amortized cost | | | | | |
| Long-term debt (current and noncurrent) | **₱60,422** | **₱–** | **₱–** | **₱53,829** | **₱53,829** |
| Due to related parties | **18** | **–** | **–** | **18** | **18** |
| | **₱60,440** | **₱–** | **₱–** | **₱53,847** | **₱53,847** |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total Fair Value |
| | | | *(In Millions)* | | |
| Assets measured at fair value | | | | | |
| Equity Instruments at FVOCI | | | | | |
| Derivative asset | ₱130 | ₱– | ₱130 | ₱– | ₱130 |
| Unquoted equity shares | 3,298 | – | – | 3,298 | 3,298 |
| Quoted equity shares | 1,632 | 1,632 | – | – | 1,632 |
| Golf club shares | 50 | – | 50 | – | 50 |
| | ₱5,110 | ₱1,632 | ₱180 | ₱3,298 | ₱5,110 |
| Liabilities measured at fair value | | | | | |
| Financial Liabilities at FVPL | | | | | |
| Option Liability | ₱23 | ₱– | ₱– | ₱23 | ₱23 |
| Liabilities for which fair values are disclosed | | | | | |
| Financial Liabilities at amortized cost | | | | | |
| Long-term debt (current and noncurrent) | ₱73,007 | ₱– | ₱– | ₱67,968 | ₱67,968 |
| Due to related parties | 23 | – | – | 23 | 23 |
| | ₱73,030 | ₱– | ₱– | ₱67,991 | ₱67,991 |

The following methods and assumptions were used to measure the fair value of each class of assets and liabilities for which it is practicable to estimate such value:

*Cash and Cash Equivalents, Short-Term Deposits, Restricted Cash, Receivables, Due from Related Parties, and Accrued Expenses and Other Current Liabilities.* Due to the short-term nature of transactions, the fair value of cash and cash equivalents, short-term deposits, restricted cash, receivables, due from related parties, and accrued expenses and other current liabilities approximate the carrying amounts at the end of the reporting period.

*Derivative Liability.* The fair value of the call options (recorded under "accrued expenses and other current liabilities") was estimated using a binomial pricing model (see Note 7).

*Investments in Golf Club Shares.* Fair value (recorded under "other noncurrent assets") is based on quoted market price.

*Quoted Equity Shares and Quoted Club Shares.* The fair value of these financial assets are based on the quoted market price as at December 31, 2025 and 2024.

*Unquoted Equity Shares*. To estimate the fair value of the unquoted equity shares, the Company uses the guideline public company method. This valuation model is based on published data regarding comparable companies' quoted prices, earnings, revenues and EBITDA expressed as a multiple, adjusted for the effect of the non-marketability of the equity securities. The estimate is adjusted for the net debt of the investee, if applicable.

*Due to Related Parties*. Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of financial instruments.

*Long-term Debt.* Estimated fair value is based on the discounted present value of future cash flows using the prevailing interest rates ranging from 5.85% to 7.84% and 5.81% to 7.49% in 2025 and 2024, respectively.

## 19. Supplemental Cash Flow Information

Non–cash investing activities
The Company's non-cash investing activity which pertains to subscription payable for additional investments amounted to nil and ₱378.7 million as at December 31, 2025 and 2024, respectively.

Changes in liabilities arising from financing activities:
The following table shows significant changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes:

| | **Long-term debt** (see Note 10) | **Due to related parties** (see Note 11) | **Lease liabilities** (see Notes 8 and 9) |
|---|---|---|---|
| | | *(In Millions)* | |
| Balance as at January 1, 2025 | **₱73,007** | **₱23** | **₱41** |
| Cash flow (see statements of cash flows) | | | |
| Payments | **(17,399)** | – | **(22)** |
| Loan drawdown | **5,000** | – | – |
| Transaction costs | **(38)** | – | – |
| | **60,570** | **23** | **19** |
| Non-cash: | | | |
| Amortization of debt issue costs | **74** | – | – |
| Derecognition of debt issue costs | **39** | – | – |
| Interest accretion | – | – | **2** |
| Realized forex gain/loss | **(261)** | – | – |
| Others | – | **(5)** | – |
| | **(148)** | **(5)** | **2** |
| Balance as at December 31, 2025 | **₱60,422** | **₱18** | **₱21** |

| | Long-term debt (see Note 10) | Due to related parties (see Note 11) | Lease liabilities (see Notes 8 and 9) |
|---|---|---|---|
| | | *(In Millions)* | |
| Balance as at January 1, 2024 | ₱76,757 | ₱25 | ₱60 |
| Cash flow (see statements of cash flows) | | | |
| Payments | (4,165) | – | (21) |
| | 72,592 | 25 | 39 |
| Non-cash: | | | |
| Amortization of debt issue costs | 94 | – | – |
| Interest accretion | – | – | 2 |
| Unrealized forex gain/loss | 321 | – | – |
| Others | – | (2) | – |
| | 415 | (2) | 2 |
| Balance as at December 31, 2024 | ₱73,007 | ₱23 | ₱41 |

## 20. Events after the Reporting Period

Aside from those disclosed in Note 7 (Investments and Advances), Note 10 (short-term and long-term debt), Note 12 (equity), only the following are events occurring after the reporting period:

*Dividend Declaration.* Dividend declaration of the Company's investees are as follows:

| **Company** | **Declaration Date** | **Record Date** | **Payment Date** | **MPIC's Expected Share in Dividends** |
|---|---|---|---|---|
| | | | | *(In Millions)* |
| MERALCO | February 25, 2026 | March 26, 2026 | April 20, 2026 | ₱2,349 |
| MPTC | March 9, 2026 | March 9, 2026 | On or before March 31, 2026 | 1,677 |
| MWSI | February 23, 2026 | March 9, 2026 | March 9, 2026 | 352 |
| MWHC | March 20, 2026 | March 20, 2026 | March 26, 2026 | 2,955 |

*Acquisition of additional shares in Maynilad*
On February 27, 2026, MPIC acquired an additional 12,913,109 common shares in Maynilad, representing approximately 0.2% of the total issued and outstanding shares, for total consideration of ₱281.5 million. The transaction increased MPIC's effective ownership interest in Maynilad from 38.2% to 38.4%.

## 21. Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. The Company is currently assessing the potential impact of these pronouncements on its financial statements.

*Effective beginning on or after January 1, 2026*

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

  The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

  The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

  The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

- Annual Improvements to PFRS Accounting Standards—Volume 11
  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9
  - Lessee Derecognition of Lease Liabilities
    The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

  - Transaction Price
    The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*
  The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

*Effective beginning on or after January 1, 2027*

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

- PFRS 18, *Presentation and Disclosure in Financial Statements*
  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards.

  In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

  The application of the standard is optional for eligible entities.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*
  The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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**INDEPENDENT AUDITOR'S REPORT**

The Stockholders and the Board of Directors
Metro Pacific Investments Corporation
9th Floor, Tower 1
Rockwell Business Center
Ortigas Avenue, Pasig City

We have audited the accompanying parent company financial statements of Metro Pacific Investments Corporation (the Company) as at and for the year ended December 31, 2025, on which we have rendered the attached report dated April 13, 2026.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has eighty-eight (88) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 111562-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-120-2025, January 14, 2025, valid until January 13, 2028
PTR No. 10765150, January 2, 2026, Makati City

April 13, 2026