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Company Information

SEC Registration No.: CS201633109
Company Name: AZNAR SHIPPING CORP.
Industry Classification: I61000
Company Type: Stock Corporation

Document Information

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C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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C O M P A N Y   N A M E

AZNAR SHIPPING CORP.
(formerly known as Guardian Four Aces Shipping Corporation)

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

2ND FLOOR MANOLING 2 BUILDING, V. GULLAS ST., SAN ROQUE, 6000 CEBU CITY CEBU REGION VII

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
Carmel.genevieve.magtibay@gmail.com	266-7178	0927-945-7272

No. of Shareholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11	2nd Friday of November	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
Kyle Alexander C. Aznar	-	N/A	-

CONTACT PERSON'S ADDRESS

Manoling 2 Bldg., V. Gullas St., Brgy San Roque, Cebu 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.*

NOTE 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.*

AZNAR SHIPPING CORP.
(formerly known as Guardian Four Aces Shipping Corporation)

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DECEMBER 31, 2025, 2024 and 2023

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AZNAR SHIPPING CORP.

2nd Flr., Manoling 2 Bldg., V. Gullas St., Brgy. San Roque, Cebu City 6000
Tel. No. (032) 2380042
Member of E.B. Aznar Group of Companies

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management of **Aznar Shipping Corp.** *(formerly known as Guardian Four Aces Shipping Corporation)* (the "Company"), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Roxas Tabamo & Co., the independent auditor appointed by the management, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Virgilio Espeleta
Chairman of the Board

Kyle Alexander Aznar
President

Dary Aran
Chief Finance Officer

Signed this 30th day of June, 2026.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC FOR AND IN THE CITY OF CEBU PERSONALLY APPEARED THE AFFIANT/S AND EXHIBITING TO ME [ ]HIS/[ ]HER/[ ]THEIR COMPETENT EVIDENCE OF IDINTITY THIS ___ DAY AUG 24 2026

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ATTY. LUKE MAHATMA R. FERNANDEZ
Notary Public Cebu City until December 31, 2026
Notarial Commission No. 108-17
IBP No. INV588486 CY-2026 Cebu City
PTR No. 2960208 CY 2026 Cebu City
Roll No. 67452 Page # 471 Book XXVIII
MCLE Compliance No. VIII-0014527 valid until April 14, 2028

MOORE Roxas Tabamo & Co.

Roxas Tabamo & Co.

2nd Floor Multinational Bancorporation Centre,
6805 Ayala Avenue, Makati City 1226 Philippines

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E: info@roxastabamo.com

roxastabamo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Aznar Shipping Corp.
(formerly known as Guardian Four Aces Shipping Corporation)
2nd Floor Manoling 2 Building, V. Gullas St., San Roque
6000 Cebu City, Cebu Region VII

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Aznar Shipping Corp.** *(formerly known as Guardian Four Aces Shipping Corporation)* (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and of its financial performance and its cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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.

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

Auditor's Responsibilities for the Audit of the 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 it is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair representation.

MOORE Roxas Tabamo & Co.

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.

ROXAS TABAMO & CO.

Christian Francis S. Felismino
Partner
CPA Certificate No. 0111361
Tax Identification No. 237-332-255
BIR Accreditation No. 08-001682-024-2025, issued on September 3, 2025,
effective until September 2, 2028
SEC Accreditation No. 111361-SEC, Group A, issued on February 4, 2020,
effective for the audit of 2019 to 2023 (extended to 2025*) financial statements of SEC covered institutions
PTR No. 10776966, issued on January 19, 2026, Makati City

June 30, 2026
Makati City

* Extension is covered by SEC Notice titled *Re-implementation of the SEC's Accreditation of Auditing Firms and External Auditors* issued on April 4, 2025.

AZNAR SHIPPING CORP.
(formerly known as Guardian Four Aces Shipping Corporation)

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	Note	2025	2024
ASSETS			
Current Assets			
Cash	5	**₱20,422,968**	₱20,846,756
Trade and other receivables	6	**23,073,381**	10,421,003
Inventories	7	**4,259,490**	3,343,769
Advances to related parties	14	**87,286,104**	-
Prepayments and other current assets	8	**4,018,779**	3,851,327
Total Current Assets		**139,060,722**	38,462,855
Noncurrent Assets			
Property and equipment, net	9	**665,885,784**	347,933,501
Deferred drydocking	10	**15,658,848**	12,105,357
Intangible asset	11	**1,175,000**	-
Security deposit	21	**39,000**	39,000
Total Noncurrent Assets		**682,758,632**	360,077,858
		₱821,819,354	₱398,540,713
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Accounts and other payables	12	**₱15,141,807**	₱26,954,251
Current portion of loans payable	13	**59,548,064**	36,585,981
Advances from related parties	14	**3,100,000**	448,065
Income tax payable		**15,556,867**	3,611,224
Total Current Liabilities		**93,346,738**	67,599,521
Noncurrent Liabilities			
Noncurrent portion of loans payable	13	**473,417,080**	198,785,465
Retirement liability	20	**1,011,974**	385,971
Deposit for future stock subscription	15	**52,789,666**	-
Deferred tax liability, net	19	**23,919,381**	25,302,499
Total Noncurrent Liabilities		**551,138,101**	224,473,935
Total Liabilities		**644,484,839**	292,073,456
Equity			
Share capital	15	**26,000,400**	8,000,000
Retained earnings		**78,746,508**	22,270,281
Revaluation surplus	9	**72,587,607**	76,196,976
Total Equity		**177,334,515**	106,467,257
		₱821,819,354	₱398,540,713

See Notes to the Financial Statements.

AZNAR SHIPPING CORP.
(formerly known as Guardian Four Aces Shipping Corporation)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Note	**2025**	2024	2023 *(As restated – Note 26)*
REVENUES	*16*	**₱223,866,380**	₱219,300,022	₱59,145,956
COST OF SERVICES	*17*	**(113,048,887)**	(144,567,983)	(59,963,732)
GROSS PROFIT (LOSS)		**110,817,493**	74,732,039	(817,776)
OPERATING EXPENSES	*18*	**(17,131,330)**	(3,228,007)	(1,230,532)
INTEREST EXPENSE	*13*	**(24,928,326)**	(24,510,268)	(17,864,553)
INTEREST INCOME	*5*	**91,588**	3,126	6,703
OTHER INCOME		**45,091**	-	-
INCOME (LOSS) BEFORE INCOME TAX		**68,894,516**	46,996,890	(19,906,158)
INCOME TAX EXPENSE				
Current		**(17,410,776)**	(5,375,576)	-
Deferred		**179,995**	96,493	-
	19	**(17,230,781)**	(5,279,083)	-
NET INCOME (LOSS)		**51,663,735**	41,717,807	(19,906,158)
OTHER COMPREHENSIVE INCOME		**-**	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱51,663,735**	₱41,717,807	(₱19,906,158)
BASIC EARNINGS (LOSS) PER SHARE				
Net income (loss) attributable to equity holders of the Company		**₱51,663,735**	₱41,717,807	(₱19,906,158)
Weighted average number of outstanding common shares*		**110,000,667**	80,000,000	80,000,000
		₱0.47	₱0.52	(₱2.49)

See Notes to the Financial Statements.

**The weighted average number of outstanding common shares for both 2025 and 2024 has been retrospectively adjusted to reflect the stock split approved by the SEC on March 2, 2026, in accordance with PAS 33.*

AZNAR SHIPPING CORP.
(formerly known as Guardian Four Aces Shipping Corporation)

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

	Share Capital *(Note 15)*	**Retained Earnings (Deficit)**	**Revaluation Surplus** *(Note 9)*	**Total**
Balances at January 1, 2025	₱8,000,000	₱22,270,281	₱76,196,976	₱106,467,257
Issuance of shares	18,000,400	-	-	18,000,400
Net income for the year	-	51,663,735	-	51,663,735
Revaluation surplus adjustment	-	3,609,369	(3,609,369)	-
Deferred tax on revaluation surplus adjustment	-	1,203,123	-	1,203,123
Balances at December 31, 2025	**₱26,000,400**	**₱78,746,508**	**₱72,587,607**	**₱177,334,515**
Balances at January 1, 2024	₱8,000,000	(₱24,260,018)	₱79,806,345	₱63,546,327
Net income for the year	-	41,717,807	-	41,717,807
Revaluation surplus adjustment	-	3,609,369	(3,609,369)	-
Deferred tax on revaluation surplus adjustment	-	1,203,123	-	1,203,123
Balances at December 31, 2024	₱8,000,000	₱22,270,281	₱76,196,976	₱106,467,257
Balances at January 1, 2023, *as previously stated*	₱8,000,000	₱2,433,017	₱-	₱10,433,017
Prior year adjustments *(Note 26)*	-	(6,786,877)	-	(6,786,877)
Balances at January 1, 2023, *as restated*	8,000,000	(4,353,860)	-	3,646,140
Income for the year, *as previously stated*	-	1,175,878	-	1,175,878
Prior year adjustments *(Note 26)*	-	(21,082,036)	-	(21,082,036)
Revaluation surplus	-	-	79,806,345	79,806,345
Balances at December 31, 2023	₱8,000,000	(₱24,260,018)	₱79,806,345	₱63,546,327

See Notes to the Financial Statements.

AZNAR SHIPPING CORP.
(formerly known as Guardian Four Aces Shipping Corporation)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Notes	2025	2024	2023 (As restated – Note 26)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**₱68,894,516**	₱46,996,890	(₱19,906,158)
Adjustments for:				
Depreciation and amortization	9,10	**27,385,594**	28,025,214	13,625,132
Interest expense	13	**24,928,326**	24,510,268	17,864,553
Retirement expense	20	**626,003**	385,971	-
Provision for doubtful accounts	6	**93,977**	-	-
Interest income	5	**(91,588)**	(3,126)	(6,703)
Operating income before working capital changes		**121,836,828**	99,915,217	11,576,824
Decrease (increase) in:				
Trade and other receivables		**(12,746,355)**	(10,421,003)	-
Inventories		**(915,721)**	(3,343,769)	-
Prepayments and other current assets		**409,248**	(3,641,534)	(39,756)
Increase (decrease) in accounts and other payables		**(14,264,271)**	24,368,084	(1,026,978)
Cash generated from operations		**94,319,729**	106,876,995	10,510,090
Interest received		**91,588**	3,126	6,703
Income tax paid		**(5,465,133)**	(1,764,352)	-
Net cash provided by operating activities		**88,946,184**	105,115,769	10,516,793
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	9	**(37,922,194)**	(1,718,838)	(88,844,611)
Intangible asset		**(475,000)**	-	-
Drydocking cost	10	**(12,860,770)**	-	(28,009,694)
Security deposit paid	21	**(39,000)**	-	-
Advances to suppliers	8	**(537,700)**	-	-
Advances to related parties		**(87,286,104)**	-	-
Net cash used in investing activities		**(139,120,768)**	(1,718,838)	(116,854,305)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of loans		**42,313,887**	51,217,691	138,394,266
Issuance of shares	15	**18,000,400**	-	-
Deposits for future stock subscription	15	**52,789,666**	-	-
Advances from (payments to) related parties		**2,651,935**	(51,038,870)	24,930,645
Payments of:				
Loans payable	13	**(40,251,600)**	(62,543,941)	(41,173,800)
Interest		**(25,753,492)**	(23,413,913)	(16,678,569)
Net cash provided by (used in) financing activities		**49,750,796**	(85,779,033)	105,472,542
NET INCREASE (DECREASE) IN CASH		**(423,788)**	17,617,898	(864,970)
CASH AT BEGINNING OF YEAR		**20,846,756**	3,228,858	4,093,828
CASH AT END OF YEAR	5	**₱20,422,968**	₱20,846,756	₱3,228,858

Forward

	Notes	2025	2024	2023 *(As restated – Note 26)*
SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION				
Information on non-cash financing activity				
Accrued interest expense	*13*	**₱1,751,827**	₱1,096,355	₱1,185,984
Information on non-cash investing activities				
Unpaid intangible asset		**₱700,000**	₱-	₱-
Acquisition of vessel and construction-in-progress through financing	*13*	**₱295,531,411**	₱-	₱-
Unpaid security deposit		**₱-**	₱39,000	₱-

See Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025, 2024 AND 2023

1. Reporting Entity

Aznar Shipping Corp. (formerly known as Guardian Four Aces Shipping Corporation) (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 22, 2016.

The primary purpose of the Company is to own and operate ships and/or motor vessels for carriage of passengers and cargoes which includes the hauling of coal, ore, sand, gravel and other kinds of shipments to and from any port of entry within the jurisdiction of the Philippine water, and to do all such other things and to transact all business as may be directly or indirectly or incidental or conducive to the carrying on of such transportation business.

The original registered office address of the Company is at Cebu Trade House Center, Aznar Building., T. Padilla St., Cebu City, Cebu.

On September 25, 2025, the Board of Directors and shareholders approved the change in corporate name and office address of the Company to Aznar Shipping Corp. and 2nd Floor Manoling 2 Building, V. Gullas St., San Roque, 6000 Cebu City, Cebu Region VII, respectively. These were subsequently approved by the SEC on March 2, 2026 (see Note 24.).

The financial statements were approved and authorized for issuance in accordance with a resolution by the Board of Directors (BOD) on June 30, 2026.

2. Basis of Preparation,

<u>Statement of Compliance</u>
The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

<u>Historical Cost Convention</u>
The financial statements of the Company have been prepared on the historical cost basis, except for vessels which are carried at revalued amounts, being fair values at the date of revaluation, less subsequent depreciation and impairment losses.

<u>Functional and Presentation Currency</u>
The financial statements are presented in Philippine peso, which is the functional currency of the Company. All values are rounded off to the nearest peso (₱), except when otherwise indicated.

3. **Material Accounting Policy Information**

The material accounting policy information that have been used in the preparation of the financial statements are set below.

Adoption of New and Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *Lack of Exchangeability*. This amendment requires companies to apply a consistent approach in assessing whether a currency is exchangeable and how to estimate the exchange rate if it is not. It also requires additional disclosures in estimating the exchange rate.

  The comparative period is not restated for this amendment.

Amended PFRS Issued but Not Yet Effective
Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2025 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*. The amendments clarify the requirements relating to (a) timing of derecognition of liabilities when they are settled using an electronic payments system and (b) how to assess contractual cash flow characteristics of financial assets, including those with environment, social and governance (ESG)-linked features. It also amends the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and cost.

  While the amendment is applied retrospectively, the comparative period is not restated for this amendment.

- Annual Improvements to PFRS Accounting Standards – Volume 11

  - Amendments to PFRS 7, *Financial Statements – Disclosures*. The amendment addressed a potential confusion in paragraph B38 of PFRS 7 which requires entities to disclose the gain or loss on derecognition of financial assets where a fair value measurement involves unobservable inputs. The confusion arose from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13, *Fair Value Measurement* was issued. The implementation guidance accompanying PFRS 7 clarifies the disclosures of deferred differences between fair values and transaction prices and, credit risk.

  - Amendments to PFRS 9, *Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price*. The amendment clarifies the application of the requirements in PFRS 9 to account for an extinguishment of a lessee' lease liability. It also clarifies the definition of 'transaction price', addressing potential confusion arising from a reference in Appendix A to PFRS 9 to the definition in PFRS 15, *Revenue from Contracts with Customers*.

  - Amendments to PAS 7, *Statement of Cash Flows – Cost Method*. The amendment addressed a potential confusion of applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

  These amendments are applied retrospectively with the comparative period restated, except for the amendments relating to derecognition of lease liabilities in PFRS 9, which only applies to lease derecognized on or after the amendment is adopted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosures of Financial Statements*. This standard will replace PAS 1, *Presentation of Financial Statements*. It requires the statement of profit or loss to be broken down into three subsections, operating, investing and financing, similar to the layout of the cash flow statement. It also requires Management performance measurers that are used by a company in other communications to be included in a note to the financial statements including a reconciliation to the nearest PFRS equivalent measure. The standard provides additional guidance on the aggregation and disaggregation of information on the face of financial statements and the notes to provide a useful structured summary of the reporting entity's assets, liabilities, equity, income, and expenses that are useful to users in assessing the prospects for future net cash inflows to the entity and in assessing Management's stewardship of the entity's economic resources.

  PFRS 18 is applied retrospectively with the comparative period restated.

- PFRS 19, *Subsidiaries without Public Accountability*. The standard specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other PFRS Accounting Standards. It requires companies who meet the specific criteria to apply the recognition and measurement of other standards.

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 a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

Financial Assets and Financial Liabilities

Financial Assets at Amortized Cost. The Company's cash, trade receivables, advances to related parties, and security deposit are classified as financial assets at amortized cost. These are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any.

Financial Liabilities at Amortized Cost. The Company's liabilities arising from its accounts and other payables, excluding statutory liabilities, loans payable and advances from related parties are classified as financial liabilities at amortized cost.

Impairment of Financial Assets at Amortized Cost. The Company applies the simplified approach in measuring expected credit losses (ECL) for trade receivables, which uses a lifetime expected loss allowance for all the trade and receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information using the provision matrix. The Company also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and they have been grouped based on the past due. Meanwhile, impairment of other receivables is assessed based on potential liquidity of counterparties based on available financial information.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;

- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) 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 right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

<u>Inventories</u>
Inventories consist primarily of fuel and vessel supplies held for consumption in the Company's shipping operations. Inventories are measured at the lower of cost and net realizable value. Cost comprises purchase price and other costs directly attributable to bringing the inventories to their present location and condition and is determined using first-in, first-out (FIFO). Net realizable value represents the estimated replacement or recoverable amount of inventories where applicable. Fuel and vessel supplies are recognized as cost of services or operating expenses as they are consumed.

<u>Prepayments and other current assets</u>
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to the statements of comprehensive income as these are consumed in operations or have expired with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

Advances to suppliers pertain to advance payments made by the Company to suppliers for goods and services which are yet to be delivered and rendered, respectively, to the Company.

<u>Property and Equipment</u>
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes, and any direct attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation (ARO). Expenditures incurred after the asset has been put into operation, such as repairs, maintenance, and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Vessels are carried at revalued amounts, being their fair values at the date of revaluation less subsequent depreciation and impairment losses.

Revaluations are performed with every four (4) years, or more frequently when there is a material change in the fair value of the assets, to ensure that the carrying amount does not differ materially from the amount that would be determined using fair value at the reporting date.

The increase in carrying amount arising from revaluation is recognized in other comprehensive income and accumulated in equity under “Revaluation surplus”, except to the extent that it reverses a previous revaluation decrease recognized in profit or loss.

Any subsequent decrease is recognized in profit or loss to the extent that it exceeds any credit balance in the revaluation surplus relating to the same asset.

Transfers from revaluation surplus to retained earnings represent difference between depreciation based on the revalued carrying amount and depreciation based on the asset’s original cost.

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

	Estimated Useful Life
Vessels	15-20 years
Machineries, Tools and Equipment	5-10 years
Vehicles	5-10 years
Furniture and Fixtures	5-10 years

Construction in Progress

Construction in progress is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are available for its intended use and be reclassified to the related asset.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of asset. All other borrowing costs are recognized and charged to operations in the year in which there are incurred.

Deferred Drydocking

Deferred drydocking costs represent expenditures incurred in connection with scheduled major vessel inspections, repairs, and overhauls necessary to maintain the vessel’s seaworthiness and compliance with regulatory requirements.

Drydocking costs are capitalized when it is probable that future economic benefits associated with the expenditure will flow to the Company and the costs can be measured reliably. These costs are recognized as a separate line item in statements of financial position.

Capitalized drydocking costs are amortized on a straight-line basis over the period until the next scheduled dry docking, which is typically two and a half (2.5) years, based on the Company’s operational experience and regulatory requirements.

Any remaining carrying amount of the previous drydocking component is derecognized when a subsequent drydocking is performed, and the new costs are capitalized.

Costs for routine repairs and maintenance that do not enhance or extend the useful life of the vessel are expensed as incurred.

Deferred drydocking costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the carrying amount exceeds its recoverable amount.

Intangible Asset

Intangible asset pertains to computer software accounted for under the cost model. Capitalized costs are amortized on a straight-line basis over the estimated useful life of ten years, as the life of the intangible asset is considered finite.

Impairment of Non-financial Assets

The Company’s property and equipment, and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Fair Value Measurements
The Company measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

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 most advantageous market must be accessible to the Company.

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

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:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Provisions
Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Loans Payable
Loans payable are recognized initially at fair value, net of transaction costs incurred. Loans payable are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the maturity value is recognized as interest income or expense in the statements of comprehensive income over the period of the borrowings using the effective interest method.

Loans payable are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Loans payable are derecognized when settled or when there has been new agreement with existing lender resulting to substantially different terms.

Deposits for Stock Subscription
Deposits for stock subscription represent funds received from existing or potential shareholders to be applied as payment for future issuance of capital stock. Deposits for stock subscription are recognized as equity if and only if, all of the following elements set forth by the SEC are present as at the end of the reporting period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is a BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is a shareholders' approval of the said proposed increase; and.
- The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

If any or all of the foregoing elements are not present, the transaction will be recognized as a noncurrent liability.

Equity

Share Capital
Share capital are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Retained Earnings
Retained earnings represents the accumulated net income or losses, net of any dividend distributions and other capital adjustments.

Other Comprehensive Income
Other comprehensive income comprises items of income and expenses (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

Earnings Per Share

Basic Earnings Per Share
Basic earnings per share represents the amount of earnings attributable to each share of common stock in a company, based on the weighted average number of common shares outstanding during the period.

Diluted Earnings Per Share
Diluted earnings per share adjusts for the potential dilution that could occur if all outstanding convertible securities (like stock options, warrants, convertible debt) were converted into common shares, thereby reducing the earnings attributable to each share.

Revenue Recognition
Revenue comprises revenue from rendering of services.

The Company also assesses its revenue agreements against the specific criteria enumerated below in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. In all revenue agreements, the Company is acting as a principal. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists. To determine recognition of revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when the entity satisfies a performance obligation.

In addition, the following specific recognition criteria must also be met before revenue is recognized.

Revenue recognized at a point in time:

Revenue from passenger and cargo transport services. Revenue is recognized at a point in time when the transportation service has been completed and the Company has satisfied its performance obligation, which generally occurs upon the arrival of the passenger or cargo at the contracted destination. Revenue is measured based on the transaction price specified in the contract or ticket, net of discounts and other applicable deductions.

Other income. Revenue is recognized when there is an incidental economic benefit, other than from the usual business operations that will flow to the Company and it can be measured reliably.

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Cost and Expenses

Costs and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Costs and expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of 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 an expenditure produces no future economic benefit or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses are presented using the function of expense method. Costs of services are directly attributable to the rendition of services. Operating expenses are attributable to the administrative and other business activities of the Company.

Taxes

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepayments and other current assets” or “Accounts and other payables” accounts in the statements of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and 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.

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

Employee Benefits

Short-term Employee Benefits
Short-term employee benefits are recognized as expense in the period when economics benefits are given. Unpaid benefits at the end of the accounting period are recognized as an accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term employee benefits given by the Company include salaries and wages.

Retirement Benefits
The Company provides retirement benefits to qualified employees in accordance with applicable labor laws and regulations in the Philippines. The retirement benefit obligation is recognized based on Management's best estimate of the present value of the retirement benefits expected to be paid to qualified employees in respect of services rendered up to the reporting date.

Retirement benefit expense is recognized in profit or loss in the period in which employees render the related services. The retirement benefit liability is presented separately in statement of financial position.

Management assesses the retirement benefit obligation at each reporting date. Where the estimated obligation is not material to the financial statements, no actuarial valuation is obtained.

Events After Reporting Date
Post year-end events that provide additional information about the Company's position at reporting date (adjusting events) are reflected in the financial statements. Post yearend events that are not adjusting events are disclosed when material.

4. Use of Judgements, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the accounting policies, the Company has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the financial statements:

Evaluating deferred tax. In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Classifying financial instruments. The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

Determination whether an arrangement contains a lease. The Company assesses whether an arrangement contains a lease based on PFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The details of these lease agreements are disclosed in Note 21.

Low-value and short-term lease. The Company has leases for which the underlying asset is of low value and/or short term in nature. The Company recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis (see Note 21).

Determining the lease term of contracts with renewal and termination options – Company as lessee. 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 several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the 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 or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Determining when a customer obtains control of promised goods or services. The Company recognizes revenue from passenger and cargo transport services at a point in time, upon completion of the voyage when the vessel arrives at the destination. At this point, the Company's performance obligation has been fully satisfied, and control of the promised transportation service has been transferred to the customer in accordance with PFRS 15.

In determining when control has passed to the customer, Management exercises judgment based on the specific terms and conditions of each transportation contract. Management considers the following indicators in assessing the transfer of control:

- The existence of a present right to payment;
- The transportation service has been completed upon the vessel's arrival at the agreed destination;
- The customer has obtained the benefits of the transportation service;
- The significant risks and rewards associated with providing the transportation service have been substantially fulfilled by the Company; and
- Customer acceptance is evidenced by the successful completion of the voyage in accordance with the agreed terms and conditions.

Management believes that recognizing revenue upon completion of the voyage faithfully depicts the transfer of control because the customer receives and obtains the full benefit of the transportation service only when the passenger or cargo has been transported to the agreed destination. Accordingly, revenue from passenger fares and cargo fees is recognized only when the Company's performance obligation has been fully satisfied.

Determination of default. Management applies judgment in assessing ECL on its trade receivables, advances to related parties and other financial assets measured at amortized cost.

For trade receivables, Management applied judgment in determining the appropriate methodology, probability of default, loss given default, and whether a significant increase in credit risk has occurred.

For assessing ECL on its related parties, Management applied judgement considering:

- Financial capacity of the related party counterparties;
- History of settlement;
- Continuing operational relationship within the Company;
- Planned settlement schedules; and
- Absence of indicators of financial distress.

Estimates and Assumption
The key estimates and assumptions used in the financial statements are based upon the Company's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Fair Value Measurements. A number of the Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Company uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Note 22.

Allowance for ECL on trade and other receivables and advances to related parties. The Company has elected to apply the simplified approach to determining expected credit losses for its trade and other receivables and the loss allowance is calculated based on lifetime expected credit losses.

To measure the expected credit losses, the Company uses a provision matrix. The trade and other receivables have been grouped based on shared credit characteristics, including size and location, and the loss rate for a given number of days past due.

For advances to related parties, the Company assesses expected credit losses by considering the specific credit risk profile of each related party, including historical payment behavior, financial capacity, and any relevant forward-looking information.

The expected loss rates are based on historical loss rates that are continuously updated to obtain the most up to date data. These historical loss rates are adjusted for current and forecast macroeconomic conditions, including expectations around interest rates and inflation, to reflect the Company's expectations of what losses the Company may incur in the future on these receivables. The loss rates are examined regularly by the Company and changes in the assumptions used to calculate the allowance could lead to material changes in the allowance required.

Allowance for ECL on trade and other receivables amounted to ₱0.09 million and nil in 2025 and 2024, respectively (see Note 6). No allowance for ECL on advances to related parties was recognized in 2025 (see Note 14).

The carrying amounts of trade and other receivables amounted to ₱23.07 million and ₱10.42 million as at December 31, 2025 and 2024, respectively (see Note 6).

The carrying amounts of advances to related parties amounted to ₱87.29 million and nil as at December 31, 2025 and 2024, respectively (see Note 14).

Determination of Net Realizable Value (NRV) of Inventories. In determining the NRV of inventories, the Company considers inventory obsolescence and other factors based on specific identification and as determined by Management for inventories estimated to be unsaleable in the future. The Company adjusts the cost of inventory to recoverable value at a level considered adequate to reflect market decline in value of the inventory. The Company reviews on a continuous basis the product movement, changes in consumer demands and introduction of new products to identify inventories which are to be written down to net realizable values.

There were no write-downs to NRV in 2025 and 2024. Inventories carried at cost amounted to ₱4.26 million and ₱3.34 million as at December 31, 2025 and 2024, respectively (see Note 7).

Estimated useful lives of property and equipment, deferred drydocking and intangible asset. The Company estimates the useful lives of property and equipment, deferred drydocking and intangible asset based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, deferred drydocking and intangible asset are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment, deferred drydocking and intangible asset are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment, deferred drydocking and intangible asset would increase the recorded costs and expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation amounted to ₱665.89 million, ₱347.93 million and ₱176.71 million as at December 31, 2025, 2024 and 2023, respectively. Accumulated depreciation of property and equipment amounted to ₱72.13 million, ₱54.05 million and ₱37.23 million as at December 31, 2025, 2024 and 2023, respectively (see Note 9).

Revaluation of vessels, net of accumulated depreciation amounted to ₱96.78 million, ₱101.60 million and ₱106.41 million as at December 31, 2025, 2024 and 2023, respectively. Accumulated depreciation of revalued vessels amounted to ₱9.62 million, ₱4.81 million and nil as at December 31, 2025, 2024 and 2023, respectively (see Note 9).

Deferred drydocking, net of accumulated amortization amounted to ₱15.66 million, ₱12.11 million and ₱23.31 million as at December 31, 2025, 2024 and 2023, respectively. Accumulated amortization of deferred drydocking amounted to ₱25.21 million, ₱15.90 million and ₱4.70 million as at December 31, 2025, 2024 and 2023, respectively (see Note 10).

Intangible asset amounted to ₱1.18 million and nil as at December 31, 2025 and 2024, respectively. No amortization was recognized in 2025 because the program is scheduled to be implemented and become operational in January 2026 (see Note 11).

Impairment of non-financial assets. PFRS requires that an impairment review be performed on property and equipment, deferred drydocking and intangible asset when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these 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 fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

No impairment loss was recognized in 2025, 2024 and 2023.

Revaluation increment of vessels. The fair values of vessels were determined by an independent, SEC-accredited appraiser with appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The valuation was performed using the cost approach, which estimates fair value based on the current replacement cost of the vessels, less accumulated depreciation for physical deterioration, functional obsolescence, and economic obsolescence, considering the assets' condition and remaining useful lives.

The valuation is classified under Level 3 of the fair value hierarchy.

Estimation of retirement liability and costs. Company recognizes retirement benefits cost and the related liability based on its obligations under Republic Act (RA) No. 7641. The determination of the retirement liability requires management to estimate the benefits payable to employees upon retirement. Retirement benefit costs and changes in the related liability are recognized in profit or loss.

The Company's retirement liability amounted to ₱1.01 million, ₱0.39 million and nil as at December 31, 2025, 2024 and 2023, respectively (see Note 20).

Realizability of deferred tax assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carry forward benefits of NOLCO is based on the projected taxable income in the following periods.

The Company's deferred tax assets amounted to ₱0.28 million and ₱0.1 million as at December 31, 2025 and 2024, respectively (see Note 19).

5. Cash

This account consists of:

	2025	2024
Cash on hand	**₱58,500**	₱3,500
Cash in banks	**20,364,468**	20,843,256
	₱20,422,968	₱20,846,756

Cash in banks earn interest at the prevailing bank deposit rates. Interest earned from cash in banks amounted to ₱91,588 in 2025, ₱3,126 in 2024 and ₱6,703 in 2023.

6. Trade and Other Receivables

This account consists of:

	2025	2024
Trade receivables	**₱21,919,815**	₱7,233,175
Other receivables	**1,247,543**	3,187,828
	23,167,358	10,421,003
Allowance for doubtful accounts	**(93,977)**	-
	₱23,073,381	₱10,421,003

Trade receivables are noninterest-bearing and have normal credit terms of 45 to 90 days.

Other receivables pertain to freight collect charges billed to shippers and advances to employees subject to liquidation.

The following table shows the movement of allowance for expected credit loss:

	Note	2025	2024
Beginning		**₱-**	₱-
Provision for doubtful accounts	*18*	**93,977**	-
		₱93,977	₱-

7. **Inventories**

This account consists of:

	2025	2024
Fuel	**₱3,734,647**	₱3,343,769
Vessel supplies	**524,843**	-
	₱4,259,490	₱3,343,769

Fuel expense charged to cost of services amounted to ₱50.68 million, ₱69.62 million and ₱28.36 million in 2025, 2024 and 2023, respectively (see Note 17).

8. **Prepayments and Other Current Assets**

This account consists of:

	2025	2024
Prepaid insurance	**₱3,397,654**	₱3,386,250
Advances to supplier	**537,700**	-
Office supplies	**83,425**	-
Creditable withholding tax	**-**	465,077
	₱4,018,779	₱3,851,327

Advances to supplier pertain to a down payment for the purchase of a vehicle, which the Company expects to be delivered in 2026.

9. Property and Equipment, Net

This account consists of:

	Vessels	Machineries, Tools and Equipment	Vehicles	Furniture and Fixtures	Construction in Progress	Total
	(at revalued amount)		*(at cost)*			
Cost						
Balance, January 1, 2023, before restatement	₱99,854,841	₱-	₱-	₱-	₱-	₱99,854,841
Prior period adjustments *(Note 26)*	104,483,469	648,309	-	25,430	-	105,157,208
Balance, January 1, 2023, after restatement	204,338,310	648,309	-	25,430	-	205,012,049
Additions	88,814,611	-	20,000	10,000	-	88,844,611
Revaluation surplus	106,408,459	-	-	-	-	106,408,459
Balance, December 31, 2023	399,561,380	648,309	20,000	35,430	-	400,265,119
Additions	-	1,608,192	74,200	36,446	-	1,718,838
Balance, December 31, 2024	399,561,380	2,256,501	94,200	71,876	-	401,983,957
Additions	179,660,319	94,643	-	191,865	156,083,771	336,030,598
Reclassification	-	10,268	-	(10,268)	-	-
Balance, December 31, 2025	**579,221,699**	**2,361,412**	**94,200**	**253,473**	**156,083,771**	**738,014,555**
Accumulated depreciation						
Balance, January 1, 2023, before restatement	29,291,562	-	-	-	-	29,291,562
Prior period adjustments *(Note 26)*	(1,116,577)	119,800	-	9,662	-	(987,115)
Balance, January 1, 2023, after restatement	28,174,985	119,800	-	9,662	-	28,304,447
Depreciation	8,765,630	129,662	13,333	16,048	-	8,924,673
Balance, December 31, 2023	36,940,615	249,462	13,333	25,710	-	37,229,120
Depreciation	16,538,608	236,498	11,613	34,617	-	16,821,336
Balance, December 31, 2024	53,479,223	485,960	24,946	60,327	-	54,050,456
Reclassification	-	9,412	-	(9,412)	-	-
Depreciation	17,682,818	326,073	14,840	54,584	-	18,078,315
Balance, December 31, 2025	**71,162,041**	**821,445**	**39,786**	**105,499**	**-**	**72,128,771**
Net Book Value						
December 31, 2025	**₱508,059,658**	**₱1,539,967**	**₱54,414**	**₱147,974**	**₱156,083,771**	**₱665,885,784**
December 31, 2024	₱346,082,157	₱1,770,541	₱69,254	₱11,549	₱-	₱347,933,501
December 31, 2023	₱362,620,765	₱398,847	₱6,667	₱9,720	₱-	₱363,035,999

Construction in progress represents the costs of the acquired vessel that remains under construction as of the reporting date. These costs were financed through loan proceeds and have been settled with the respective suppliers and contractors.

Depreciation charged to cost of services and operating expenses amounted to ₱17,682,818 and ₱395,497 in 2025, ₱16,538,608 and ₱282,728 in 2024 and ₱8,765,630 and ₱159,043 in 2023 (see Notes 17 and Note 18), respectively.

The Company has no idle property and equipment as at December 31, 2025, 2024 and 2023.

Revaluation
The following table shows the movements relating to the revaluation of the vessels subject to the December 31, 2023 valuation:

	2025	2024	2023 *(As restated – Note 26)*
Cost			
As at January 1	**₱106,408,459**	₱106,408,459	₱-
Revaluation surplus	**-**	-	106,408,459
As at December 31	**106,408,459**	106,408,459	106,408,459
Accumulated Depreciation			
As at January 1	**4,812,492**	-	-
Depreciation	**4,812,492**	4,812,492	-
As at December 31	**9,624,984**	4,812,492	-
	₱96,783,475	₱101,595,967	₱106,408,459

The Company's vessels subject to the December 31, 2023 valuation are carried at revalued amounts based on a valuation performed by an SEC-accredited independent appraiser with an effective valuation date of December 31, 2023. The valuation report was issued on September 3, 2025 and no subsequent revaluation has been performed as of December 31, 2025.

The valuation was determined using cost approach, with key assumptions including replacement cost per vessel and depreciation rates based on its physical condition and economic life. The fair value measurement is categorized under Level 3 of the fair value hierarchy.

The fair value measurement of the vessels is sensitive to changes in the significant unobservable inputs used in the cost approach. An increase in the estimated replacement cost would result in an increase in the fair value of the vessels, while a decrease in replacement cost would result in a corresponding decrease in fair value. Conversely, an increase in the depreciation rate or economic obsolescence adjustment would generally result in a decrease in fair value, while a decrease in these assumptions would generally result in an increase in fair value. A longer estimated remaining economic life would generally result in a higher fair value, while a shorter remaining economic life would generally result in a lower fair value.

Had the asset been measured under the cost model, its carrying amount would have been ₱411.28 million as at December 31, 2025. The revaluation surplus as at December 31, 2025 amounted to ₱72.59 million, net of deferred tax, with movements during the year disclosed separately.

The revaluation surplus is not available for dividend declaration and is presented as a separate component of equity. Depreciation on the revaluation increment has been recognized in profit or loss and subsequently transferred to retained earnings, representing the realization of a portion of the revaluation surplus. In accordance with SEC guidelines, such depreciation on revaluation increment, net of tax, is treated as a reconciling item in the determination of retained earnings available for dividend declaration.

Movements in revaluation surplus are as follows:

	2025	2024	2023 *(As restated – Note 26)*
As at January 1	**₱76,196,976**	₱79,806,345	₱-
Revaluation			106,408,459
Depreciation expense, transferred to retained earnings	**(4,812,492)**	(4,812,492)	-
Effect of tax	**1,203,123**	1,203,123	(26,602,115)
As at December 31	**₱72,587,607**	₱76,196,976	₱79,806,345

Capitalized Borrowing Costs
The Company's capitalized borrowing costs pertaining to the construction of the vessels amounted to ₱2.58 million and nil in 2025 and 2024, respectively (see Note 13). The capitalization rate used for specific borrowings was the actual interest rate on the term loan (see Note 13).

Collateral
Certain properties totaling ₱826.75 million and ₱456.73 million are being held as collateral for the Company's loan payable (see Note 13).

The Company's Management, after due consideration of the assessment of its assets for impairment, believes that there are no indications that the property and equipment as at December 31, 2025 and 2024 are impaired or their carrying amounts cannot be recovered.

10. Deferred Drydocking

The movements in this account are as follows:

	2025	2024	2023 *(As restated – Note 26)*
Cost			
Balance, January 1	**₱28,009,694**	₱28,009,694	₱-
Additions	**12,860,770**	-	28,009,694
Balance, December 31	**40,870,464**	28,009,694	28,009,694
Accumulated Amortization			
Balance, January 1	**15,904,337**	4,700,459	-
Amortization *(Note 17)*	**9,307,279**	11,203,878	4,700,459
Balance, December 31	**25,211,616**	15,904,337	4,700,459
	₱15,658,848	₱12,105,357	₱23,309,235

11. Intangible Asset

This account pertains to a computer software to be used by the Company amounting to ₱1.18 million and nil as at December 31, 2025 and 2024, respectively. The computer program is scheduled to be implemented and become operational in January 2026.

12. Accounts and Other Payables

This account consists of:

	2025	2024	2023 *(As restated – Note 26)*
Accounts payable	**₱10,886,352**	₱24,692,042	₱1,302,544
Statutory liabilities	**2,400,228**	1,027,315	112,646
Other payables	**1,855,227**	1,234,894	35,623
	₱15,141,807	₱26,954,251	₱1,450,813

Accounts payables are noninterest-bearing and are generally settled on a 30 to 60-day credit term.

Statutory liabilities pertain to SSS, Pag-IBIG, PhilHealth, withholding taxes, and VAT payable which are normally settled in the following month.

Other payables pertain to accrued payroll-related expenses that have been earned by employees as at the reporting date but remain unpaid, unpaid security deposit, and accrued interest expense on loans payable.

13. Loans Payable

The movements in this account are as follows:

	2025	2024	2023 *(As restated – Note 26)*
Balance at beginning of year	**₱235,371,446**	₱246,697,696	₱149,477,230
Availments	**337,845,298**	51,217,691	138,394,266
Settlements	**(40,251,600)**	(62,543,941)	(41,173,800)
Balance at end of year	**532,965,144**	235,371,446	246,697,696
Current portion of loans payable	**(59,548,064)**	(36,585,981)	(38,908,923)
Noncurrent portion of loans payable	**₱473,417,080**	₱198,785,465	₱207,788,773

The Company entered into various loan agreements with local banks. These loans have maturity of five (5) years with fixed interest rates ranging from 7.75% to 13.50% annually. These loans were obtained to finance the Company's working capital requirements and are secured by mortgage of shareholders' real assets and vessels.

Specifically, in 2025, the Company availed loans with a maturity of three (3) to five (5) years with a fixed rate of 7.75% annually. These loans were obtained to finance the Company's construction of vessels and are secured by vessels. In accordance with the financing arrangements, loan proceeds amounting to ₱295.53 million were directly credited to the accounts of the suppliers as payment for the vessel construction and construction-in-progress.

Interest Expense
Interest expense incurred on the loans amounted to ₱24.93 million, ₱24.51 million and ₱17.86 million in 2025, 2024 and 2023, respectively. Interest expense includes accrued interest amounting to ₱1.75 million, ₱1.10 million and ₱1.19 million as at December 31, 2025, 2024 and 2023, respectively.

Capitalized Borrowing Costs
The Company's capitalized borrowing costs pertain to the construction of the vessels amounting to ₱2.58 million and nil in 2025 and 2024, respectively. The capitalization rate used for specific borrowings was 7.75%, the actual interest rate on the term loan.

Collateral
The table below shows the properties held as collateral for the Company's loan payable and their carrying amounts:

Asset	Note	2025	2024
Personal land of the owners	*14*	**₱206,901,000**	₱206,901,000
Vessels of the Company		**576,654,424**	202,733,083
Vessel of TSTI	*14*	**43,197,970**	47,096,896
Total		**₱826,753,394**	₱456,730,979

Loan Covenants
The Company availed loans with Philippine National Bank (PNB), secured by real estate mortgages and corporate guarantees. The loan agreements contain certain restrictive covenants, including maintaining the Company's legal existence, preserving the mortgaged assets, submitting required financial and tax documents, observing applicable financial ratios, settling indebtedness and taxes when due, and notifying PNB of matters that may materially affect the Company's operations or financial condition.

Of the Company's total loans payable, only the loan with total availments amounting to ₱88.9 million is subject to compliance with specific financial ratio covenants. As at December 31, 2025 and 2024, the outstanding balance of this loan amounted to ₱71.74 million and ₱81.10 million, respectively. Under the terms of the loan agreement, the Company is required to maintain the following financial ratios:

- A debt-service coverage ratio of at least 1.1
- A debt-to-equity ratio of not more than 2.5
- A current ratio of at least 1.0

As at December 31, 2025 and 2024, the Company did not meet the debt-to-equity ratio covenant for the ₱88.9 million loan. However, based on the terms of the loan agreement, non-compliance with the covenant does not automatically constitute an event of default. An event of default arises only upon the occurrence of specified conditions, including written notice from the lender and failure to remedy the breach within the applicable cure period. Based on the terms of the loan and PNB's written confirmation, the loan was not due and demandable, no event of default existed, PNB had no right to declare the outstanding loan immediately due and payable or accelerate its maturity as at December 31, 2025 and 2024, and the loan remained in good standing subject to its original repayment terms and maturity date.

Accordingly, Management assessed that the Company had a substantive right as at December 31, 2025 and 2024 to defer settlement of the noncurrent portion of the ₱88.9 million loan for at least twelve (12) months after the reporting date. On this basis, the portion of the loan not due for settlement within twelve (12) months from the reporting date was classified as noncurrent.

14. Related Party Disclosures

Related party relationships
Details of significant related parties are as follows:

Related parties	**Nature of Relationship**	**Country of Incorporation**
Aznar Property Management Inc. (APMI)	Parent	Philippines
Aznar Limestone Quarrying (ALQ)	Affiliate	Philippines
E.B. Aznar Management Services Corporation (EBAMS)	Affiliate	Philippines
E.B. Aznar Shipping Corporation (EBASCO)	Affiliate	Philippines
Tabuelan Sea Transport, Inc. (TSTI)	Affiliate	Philippines
E.B. Aznar Holdings Inc. (Holdings)	Affiliate	Philippines
Guardian Aces Security Agency, Inc. (GASAI)	Affiliate	Philippines
Aznar Shipyard & Ship Repair (Aznar Shipyard)	Affiliate	Philippines
Shareholder	-	Philippines

The term "affiliate" refers to related parties under common ownership, control, or significant influence with the Company. These may include entities with common directors, shareholders, or management, and are considered related parties in accordance with PAS 24, *Related Party Disclosures*.

Related party transactions and balances

The movements and outstanding balances of related party transactions as at December 31 are as follows:

Related Party	Movements	Outstanding Balance 2025	2024	Terms and Conditions
Advances to related parties				
TSTI	Beginning	**₱-**	₱-	Unsecured, non-interest bearing, receivable on demand
	Net Movement	**30,501,313**	-	
		30,501,313	-	
EBAMS	Beginning	**-**	-	Unsecured, non-interest bearing, receivable on demand
	Net Movement	**939,227**	-	
		939,227	-	
Aznar Shipyard	Beginning	**-**	-	Unsecured, non-interest bearing, receivable on demand
	Net Movement	**35,000,000**	-	
		35,000,000	-	
APMI	Beginning	**-**	-	Unsecured, non-interest bearing, receivable on demand
	Net Movement	**18,648,857**	-	
		18,648,857	-	
EBASCO	Beginning	**-**	-	Unsecured, non-interest bearing, receivable on demand
	Net Movement	**2,196,707**	-	
		2,196,707	-	
		₱87,286,104	₱-	

Related Party	Movements	Outstanding Balance 2025	2024	2023 *(As restated – Note 26)*	Terms and Conditions
Advances from related parties					
Shareholder	Beginning	**₱-**	₱30,349,676	₱15,653,967	Unsecured, non-interest bearing, payable on demand
	Net Movement	**-**	(30,349,676)	14,695,709	
		-	-	30,349,676	
ALQ	Beginning	**346,404**	16,513,774	8,517,589	Unsecured, non-interest bearing, payable on demand
	Net Movement	**(346,404)**	(16,167,370)	7,996,185	
		-	346,404	16,513,774	
EBAMS	Beginning	**-**	1,661,749	857,109	Unsecured, non-interest bearing, payable on demand
	Net Movement	**-**	(1,661,749)	804,640	
		-	-	1,661,749	
APMI	Beginning	**-**	2,961,736	1,527,625	Unsecured, non-interest bearing, payable on demand
	Net Movement	**-**	(2,961,736)	1,434,111	
		-	-	2,961,736	
EBASCO	Beginning	**101,661**	-	-	Unsecured, non-interest bearing, payable on demand
	Net Movement	**(101,661)**	101,661	-	
		-	101,661	-	

Forward

Related Party	Movements	Outstanding Balance 2025	2024	2023 (*As restated – Note 26)*	Terms and Conditions
GASAI	Beginning	**₱-**	₱-	₱-	Unsecured, non-interest bearing, payable on demand
	Net Movement	**3,100,000**	-	-	
		3,100,000	-	-	
		₱3,100,000	₱448,065	₱51,486,935	

a. Advances to related parties pertain to funds extended by the Company to its related parties for operational requirements, working capital support, or other business purposes. These advances are generally unsecured, non-interest bearing (unless otherwise stated), and are expected to be settled either in cash or through offsetting arrangements in accordance with agreed terms.

b. Advances from related parties represent funds received by the Company to support its liquidity or operational needs. These are likewise subject to agreed repayment terms and non-interest bearing.

c. Transactions with related parties are viewed and approved in accordance with the Group's established approval policies and procedures. Where applicable, management believes that the terms and conditions are comparable to those that would have been agreed with independent parties under similar circumstances.

d. The Company entered into a lease contract with EBAMS for the lease of its office space and recognized rent expense of ₱0.57 million each in 2025 and 2024 on such office space lease (see Note 21).

e. Personal land of the owners amounting to ₱206.90 million was held as collateral for the Company's loan payable (see Notes 9 and 13).

f. The vessel of TSTI was held as collateral for the Company's loan amounting to ₱43.20 million and ₱47.10 million as at December 31, 2025 and 2024, respectively (see Notes 9 and 13).

Key Management Personnel

Compensation paid for key management personnel, consisting of short-term employee benefits, amounted to ₱6.83 million and ₱5.33 million in 2025 and 2024, respectively.

15. Equity

Share Capital

The Company's ordinary share capital, at ₱1 par value, consists of the following number of shares as at December 31:

	2025		2024		2023	
	No. of Shares	**Amount**	No. of Shares	Amount	No. of Shares	Amount
Share Capital						
Authorized	**32,000,000**	**₱32,000,000**	32,000,000	₱32,000,000	32,000,000	₱32,000,000
Subscribed and paid						
As at January 1	**8,000,000**	**₱8,000,000**	8,000,000	₱8,000,000	8,000,000	₱8,000,000
Issuance	**18,000,400**	**18,000,400**	-	-	-	-
As at December 31	**26,000,400**	**₱26,000,400**	8,000,000	₱8,000,000	8,000,000	₱8,000,000

On September 25, 2025, the shareholders subscribed to 18.00 million shares of the Company at par value. This was approved by the SEC on October 31, 2025.

The Company received cash from its shareholders on the following dates in December 2025:

Date	Amount
December 3, 2025	₱6,000,000
December 10, 2025	2,500,000
December 12, 2025	23,999,062
December 15, 2025	12,290,604
December 17, 2025	8,000,000
	₱52,789,666

These cash amounts received from the Company's shareholders are presented as deposits for future stock subscription as at December 31, 2025.

On December 8, 2025, the BOD and shareholders approved the increase in authorized capital stock from 320.00 million shares to 10.30 billion shares at a par value of ₱0.10.

On the same date, the BOD and shareholders approved its plan to offer up to 1.50 billion newly issued common shares of the Company to the public as part of the proposed initial public offering (IPO).

On the same date, the shareholders approved the contribution by TSTI and EBASCO of certain vessels to the Company through an asset-for-share transaction. The approval was subsequently readopted by the shareholders on March 28, 2026.

As at December 31, 2025, the Company had not yet completed and submitted the documentary requirements necessary for the filing of the application for the increase in authorized capital stock with the SEC.

16. Revenues

This account consists of the following revenues recognized at a point in time:

	2025	2024	2023
Cargo income	**₱203,059,627**	₱201,296,810	₱52,563,011
Passenger income	**20,806,753**	18,003,212	6,582,945
	₱223,866,380	₱219,300,022	₱59,145,956

17. Cost of Services

This account consists of:

	Note	2025	2024	2023 *(As restated – Note 26)*
Fuel and lubricants	*7*	**₱50,679,588**	₱69,619,143	₱28,358,185
Depreciation	*9*	**17,682,818**	16,538,608	8,765,630
Salaries, contributions and other benefits		**16,239,224**	13,672,725	6,622,113
Drydock amortization	*10*	**9,307,279**	11,203,878	4,700,459
Repairs and maintenance		**5,746,977**	4,872,501	1,295,475
Insurance		**4,109,587**	5,195,644	5,195,644
Vessel supplies and standard		**3,647,204**	4,402,748	1,517,963
Permits and licenses		**2,819,934**	2,357,433	536,435
Marina fees		**1,383,654**	3,948,148	-
Arrastre and mooring fees		**779,082**	9,711,692	1,289,558
Supplies		**69,638**	63,926	1,682,270
Other expenses		**583,902**	2,981,537	-
		₱113,048,887	₱144,567,983	₱59,963,732

18. Operating Expenses

This account consists of:

	Note	2025	2024	2023 *(As restated – Note 26)*
Advertising		**₱6,779,554**	₱-	₱-
Salaries, contributions and other benefits		**4,427,510**	-	-
Taxes and licenses		**939,695**	976,669	634,016
Rent	*21*	**666,808**	677,365	-
Retirement	*20*	**626,003**	385,971	-
Professional fees		**592,871**	154,266	220,138
Security		**467,351**	-	-
Depreciation	*9*	**395,497**	282,728	159,043
Office supplies		**388,305**	209,507	33,523
Light and water		**367,243**	97,310	47,276
Communication		**244,812**	97,980	-
Travel and transportation		**181,953**	153,617	113,249
Insurance		**96,945**	56,412	-
Provision for doubtful accounts	*6*	**93,977**	-	-
Commission		**49,923**	-	-
Representation		**40,893**	82,682	23,287
Donation and contribution		**-**	53,500	-
Other expenses		**771,990**	-	-
		₱17,131,330	₱3,228,007	₱1,230,532

19. **Income Tax**

(a) The components of income tax expense are shown below:

	2025	2024	2023
Current	**₱17,410,776**	₱5,375,576	₱-
Deferred	**(179,995)**	(96,493)	-
	₱17,230,781	₱5,279,083	₱-

The current provisions for income tax in 2025 and 2024 represent regular corporate income tax.

(b) The following table shows the reconciliation of provision for income tax computed at the statutory income tax rate to provision for income tax as shown in statements of comprehensive income:

	2025	2024	2023
Income (loss) before income tax	**₱68,894,516**	₱46,996,890	(₱19,906,158)
Income tax at statutory income tax rate of 25%	**17,223,629**	₱11,749,223	(₱4,976,540)
Add (deduct) tax effects of:			
Non-deductible expenses	**30,049**	196	420
Interest income subject to final tax	**(22,897)**	(782)	(1,676)
Application of net operating loss carry-over (NOLCO)	**-**	(6,469,554)	-
Unrecognized deferred tax asset	**-**	-	4,977,796
	₱17,230,781	₱5,279,083	₱-

In 2023, deferred tax assets relating to temporary differences arising from NOLCO have not been recognized amounting to ₱6.47 million.

(c) The Company's net deferred tax liability as at December 31 arise from the following:

	2025	2024
Deferred tax assets		
Presented in profit or loss:		
Retirement liability	**₱252,994**	₱96,493
Allowance for doubtful accounts	**23,494**	-
	276,488	96,493
Deferred tax liability		
Presented in OCI:		
Revaluation surplus	**(24,195,869)**	(25,398,992)
Net deferred tax liability	**(₱23,919,381)**	(₱25,302,499)

(d) The movements of net deferred tax liability are accounted for as follows:

	2025	2024
Balance at January 1	**₱25,302,499**	₱26,602,115
Amount recognized in profit or loss	**(179,995)**	(96,493)
Amount recognized directly in retained earnings	**(1,203,123)**	(1,203,123)
Balance at December 31	**₱23,919,381**	₱25,302,499

20. Retirement Benefits

The Company has not established a formal retirement benefit plan for its employees. The Company recognizes a liability for retirement benefits based on the minimum retirement benefits prescribed under RA No. 7641.

Retirement expense charged to operating expenses amounted to ₱626,003, ₱385,971 and nil in 2025, 2024 and 2023, respectively (see Note 18).

Accrued retirement obligation amounted to ₱1,011,974, ₱385,971 and nil as at December 31, 2025, 2024 and 2023, respectively.

21. Leases

Short-term and low-value leases

In 2025, 2024 and 2023, the Company entered into various lease agreements for its ticketing offices in the ports and bunkhouses for staff for a period of one year and renewable every year upon mutual consent of both parties. The Company recognized rent expense on short-term and low-value leases amounting to ₱95,608, ₱106,165 and ₱23,287 in 2025, 2024 and 2023, respectively (see Note 18).

In 2025 and 2024, the Company entered into a lease agreement with EBAMS for its office space for one year and renewable every year upon mutual consent of both parties. The Company recognized rent expense amounting to ₱571,200 each in 2025 and 2024 on such office space lease (see Notes 14 and 18). These are payable monthly upon demand of the related party.

Security deposit for the lease amounted to ₱39,000 as at December 31, 2025 and 2024.

22. Financial Assets and Financial Liabilities

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments:

	2025		2024	
	Fair Value	**Carrying Amount**	Fair Value	Carrying Amount
Financial Assets				
Cash	**₱20,422,968**	**₱20,422,968**	₱20,846,756	₱20,846,756
Trade and other receivables*	**21,825,838**	**21,825,838**	9,422,573	9,422,573
Advances to related parties	**87,286,104**	**87,286,104**	-	-
Security deposit	**39,000**	**39,000**	39,000	39,000
	₱129,573,910	**₱129,573,910**	₱30,308,329	₱30,308,329
Financial Liabilities				
Accounts and other payables**	**₱12,741,579**	**₱12,741,579**	₱25,926,936	₱25,926,936
Loans payable	**532,965,144**	**532,965,144**	235,371,446	235,371,446
Advances from related parties	**3,100,000**	**3,100,000**	448,065	448,065
	₱548,806,723	**₱548,806,723**	₱261,746,447	₱261,746,447

**Excluding advances to employees amounting to ₱1.25 million and ₱1.00 million as at December 31, 2025 and 2024, respectively.*
***Excluding statutory liabilities amounting to ₱2.40 million and ₱1.03 million as at December 31, 2025 and 2024, respectively.*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash, Trade and Other Receivables, Advances to Related Parties, Advances from Related Parties, and Accounts and Other Payables (excluding statutory liabilities). The carrying values approximate their fair values due to the short-term maturity of these financial instruments.

Loans Payable. The carrying amount approximates fair value, which is estimated using the discounted cash flow (DCF) methodology. The discount rates used are based on the Company's current incremental borrowing rates.

Security Deposit. The carrying value approximates the fair value at the date when the amount receivable becomes due.

23. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies
The Company has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Interest Rate Risk
- Other Market Price Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The Company's financial instruments are cash, trade and other receivables, advances to related parties and security deposit, accounts and other payables (excluding statutory liabilities), advances from related parties and loans payable.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Company.

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity Risk
Liquidity risk pertains to the risk that the Company will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Company's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Company constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The tables below summarize the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

		2025		
	Note	**Total**	**Due within one year**	**Due within 5 years**
Financial Assets at Amortized Cost				
Cash	*5*	**₱20,422,968**	**₱20,422,968**	**₱-**
Trade and other receivables*	*6*	**21,825,838**	**21,825,838**	**-**
Advances to related parties	*14*	**87,286,104**	**87,286,104**	**-**
Security deposit	*21*	**39,000**	**-**	**39,000**
		129,573,910	**129,534,910**	**39,000**

Forward

		2025		
	Note	**Total**	**Due within one year**	**Due within 5 years**
Financial Liabilities at Amortized Cost				
Accounts and other payables**	*12*	**₱12,741,579**	**₱12,741,579**	**₱-**
Loans payable	*13*	**532,965,144**	**59,548,064**	**473,417,080**
Advances from related parties	*14*	**3,100,000**	**3,100,000**	**-**
		548,806,723	**75,389,643**	**473,417,080**
Net undiscounted financial assets (liabilities)		**(₱419,232,813)**	**₱54,145,267**	**(₱473,378,080)**

**Excluding advances to employees amounting to ₱1.25 million.*
***Excluding statutory liabilities amounting to ₱2.40 million.*

		December 31, 2024		
	Note	Total	Due within one year	Due within 5 years
Financial Assets at Amortized Cost				
Cash	*5*	₱20,846,756	₱20,846,756	₱-
Trade and other receivables*	*6*	9,422,573	9,422,573	-
Security deposit	*21*	39,000	-	39,000
		30,308,329	30,269,329	39,000
Financial Liabilities at Amortized Cost				
Accounts and other payables**	*12*	25,926,936	25,926,936	-
Loans payable	*13*	235,371,446	36,585,981	198,785,465
Advances from related parties	*14*	448,065	448,065	-
		261,746,447	62,960,982	198,785,465
Net undiscounted financial liabilities		(₱231,438,118)	(₱32,691,653)	(₱198,746,465)

**Excluding advances to employees amounting to ₱1.00 million.*
***Excluding statutory liabilities amounting to ₱1.03 million.*

Credit Risk
Credit risk is the risk of financial loss to the Company when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and it arises principally from receivables. The Company manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Company's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Company has regular internal control reviews to monitor the granting of credit and management of credit exposures.

The carrying values of financial assets represent the maximum credit exposures. The maximum exposures to credit risk at the reporting date are as follows:

	Note	**2025**	2024
Financial Assets at Amortized Cost			
Cash in banks	*5*	**₱20,364,468**	₱20,843,256
Trade and other receivables*	*6*	**21,825,838**	9,422,573
Advances to related parties	*14*	**87,286,104**	-
Security deposit	*21*	**39,000**	39,000
		₱129,515,410	₱30,304,829

**Excluding advances to employees amounting to ₱1.25 million and ₱1.00 million as at December 31, 2025 and 2024, respectively.*

The following tables show the analyses of the aged of financial assets:

				2025				
			Neither Past	**Past Due but Not Impaired**				
	Note	**Total**	**Due nor Impaired**	**1-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Impaired**
Financial Assets at Amortized Cost								
Cash in banks	*5*	**₱20,364,468**	**₱20,364,468**	**₱-**	**₱-**	**₱-**	**₱-**	**₱-**
Trade and other receivables	*6*	**21,825,838**	**11,734,445**	**1,688,999**	**4,001,370**	**1,404,583**	**2,996,441**	**-**
Advances to related parties	*14*	**87,286,104**	**87,286,104**	**-**	**-**	**-**	**-**	**-**
Security deposit	*21*	**39,000**	**39,000**	**-**	**-**	**-**	**-**	**-**
		₱129,515,410	**₱119,424,017**	**₱1,688,999**	**₱4,001,370**	**₱1,404,583**	**₱2,996,441**	**₱-**

				2024				
			Neither Past	Past Due but Not Impaired				
	Note	Total	Due nor Impaired	1-30 days	31-60 days	61-90 days	Over 90 days	Impaired
Financial Assets at Amortized Cost								
Cash in banks	*5*	₱20,843,256	₱20,843,256	₱-	₱-	₱-	₱-	₱-
Trade and other receivables	*6*	9,422,573	2,189,398	6,113,323	854,162	236,596	29,094	-
Security deposit	*21*	39,000	39,000	-	-	-	-	-
		₱30,304,829	₱23,071,654	₱6,113,323	₱854,162	₱236,596	₱29,094	₱-

Financial assets are considered as high grade if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. These counterparties include banks and customers who pay on or before due date.

The Company does not hold any collateral against these financial assets as at December 31, 2025 and 2024.

Credit Quality per Class of Financial Assets
The Company's bases in grading its financial assets are as follows:

High Grade — These are receivables which have a high probability of collection (i.e., those counterparty has the evident ability to satisfy its obligations).

Standard Grade — These are receivables from counterparties with no history of default and are not past due as at the reporting date.

Substandard Grade — These are receivables that can be collected provided the Company makes persistent effort to collect them.

The tables below show the credit quality by class of financial assets based on the historical experience with the corresponding third parties as at December 31, without taking account of any collateral held or other credit enhancements:

				2025			
	Neither Past Due nor Impaired						
	High Grade	**Standard Grade**	**Sub-standard Grade**	**Unrated**	**Past Due but Not Impaired**	**Impaired**	**Total**
Financial Assets at Amortized Cost							
Cash in banks *(Note 5)*	**₱20,364,468**	**₱-**	**₱-**	**₱-**	**₱-**	**₱-**	**₱20,364,468**
Trade and other receivables *(Note 6)*	**-**	**11,734,445**	**-**	**-**	**10,091,393**	**-**	**21,825,838**
Advances to related parties *(Note 14)*	**-**	**87,286,104**	**-**	**-**	**-**	**-**	**87,286,104**
Security deposit *(Note 21)*	**39,000**	**-**	**-**	**-**	**-**	**-**	**39,000**
	₱20,403,468	**₱99,020,549**	**₱-**	**₱-**	**₱10,091,393**	**₱-**	**₱129,515,410**

	2024						
	Neither Past Due nor Impaired						
	High Grade	Standard Grade	Sub-standard Grade	Unrated	Past Due but Not Impaired	Impaired	Total
Financial Assets at Amortized Cost							
Cash in banks *(Note 5)*	₱20,843,256	₱-	₱-	₱-	₱-	₱-	₱20,843,256
Trade and other receivables *(Note 6)*	-	2,189,398	-	-	7,233,175	-	9,422,573
Security deposit	39,000	-	-	-	-	-	39,000
	₱20,882,256	₱2,189,398	₱-	₱-	₱7,233,175	₱-	₱30,304,829

Cash in Banks. The Company limits its exposure to credit risk by dealing only with reputable banks that have good credit standing and relatively low risk of defaults. These instruments are graded in the top category by an acceptable credit rating and are considered to have low risk.

Trade Receivables. To limit its exposure to credit risk, the Company transacts only with credit-worthy customers who have undergone its credit evaluation and approval process. The Company assesses the credit quality of the customer taking into account its financial position, past experience, and other factors.

Due from Related Parties. For amounts due from related parties, credit risk is low considering the liquidity of the shareholders and their continuing guarantee to support the Company.

An impairment analysis is performed at each reporting date using the lifetime ECL allowance. The provision rates are based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Interest Rate Risk

Interest rate risk arises from the possibility 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 the risk of changes in market interest rates relates primarily to the Company's long-term debt.

The Company's policy is to manage its interest cost by limiting its borrowings. The Company analyzes its loan facilities and chooses the bank with the lowest finance charges and interest rates. To manage future interest fluctuations on its obligations, the Company maintains significant amount of cash that is available when the interest and principal become due.

The Company is not exposed to interest rate risk as the Company's interest rate on bank loans is fixed.

Other Market Price Risk

The Company's market price risk arises from its purchase of fuel. The Company manages its risk arising from changes in market price by monitoring the changes in the market price of the fuel.

Capital Management

The Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continuing to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments to the capital structure, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders, or issue new shares.

The Company defines capital as paid-in capital stock, additional paid-in capital, and retained earnings. Other components of equity, such as treasury stock and equity reserves, are excluded from capital for purposes of capital management.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operation, and industry.

The Company monitors capital based on debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the statements of financial position.

Under its loan agreement with PNB, the Company is required to maintain a maximum debt-to-equity ratio of 2.5:1. As at December 31, 2025, the Company was not in compliance with this financial covenant. However, under the terms of the loan agreement and as confirmed by the bank, no Event of Default existed as at December 31, 2025, the outstanding loan was not due and demandable, and the loan remained in good standing. Accordingly, the loan continues to be classified in accordance with its contractual maturity in the statements of financial position.

Subsequent to the reporting date, Management initiated actions to strengthen the Company's equity position through an increase in its authorized and paid-up capital with the objective of restoring compliance with the required debt-to-equity ratio. Refer to Notes 13 and 24 for further information on the Company's borrowings and events after the reporting period, respectively.

24. Events After Reporting Date

On September 25, 2025, the Board of Directors and shareholders approved the following amendments to the Company's Articles of Incorporation which were subsequently approved by the SEC on March 2, 2026:

a. The Company's principal office address;
b. The number of directors from five (5) to seven (7);
c. The corporate name to Aznar Shipping Corporation;
d. The Company's primary purpose; and
e. The stock split that changed the par value from ₱1.00 to ₱0.10 per share.

The effect of the stock split on the Company's equity is presented as follows:

	Previous Balance	**After Stock Split**
Authorized shares		
Number of shares	**32,000,000**	**320,000,000**
Amount	**₱32,000,000**	**₱32,000,000**
Par value of per share	**₱1.00**	**₱0.10**
Share capital - issued and paid	**26,000,400**	**26,000,400**
Retained earnings	**78,746,508**	**78,746,508**
Revaluation surplus	**72,587,607**	**72,587,607**
Total equity	**177,334,515**	**177,334,515**
Number of shares outstanding	**26,000,400**	**260,004,000**
Book value per share	**₱6.82**	**₱0.68**

**The balances presented above are as at December 31, 2025.*

The stock split did not affect the Company's total equity but increased the number of issued and outstanding common shares. In accordance with PAS 33, the weighted average number of ordinary shares used in computing earnings per share has been retrospectively adjusted for all periods presented.

These actions form part of Management's initiatives to improve the Company's capital structure, including its leverage position.

On March 28, 2026, the shareholders readopted the approval of the contribution of the vessels of TSTI and EBASCO as additional capital infusion into the Company through an asset-for-share swap arrangement.

On June 29, 2026, the Company submitted its application to SEC for an increase in its authorized capital stock.

Loan Confirmation
Subsequent to December 31, 2025, and prior to the authorization of these financial statements for issue, the Company obtained a written confirmation from PNB regarding the status of the ₱88.9 million loan.

PNB confirmed that as at December 31, 2025 and 2024:
a. the loan was not due and demandable;
b. no Event of Default existed under the applicable loan agreement;
c. PNB had no right to declare the outstanding loan immediately due and payable or accelerate its maturity; and
d. the loan remained in good standing subject to its original repayment terms and maturity date.

Management considered the confirmation in assessing the classification of the ₱88.9 million loan as at December 31, 2025.

25. Reclassification

The following reclassifications were made in 2024 to better reflect the nature of the transactions and to align with the Company's presentation policy under PAS 1. These reclassifications have no impact on total assets, total accounts and other payables, or total operating expenses:

a. Security deposit amounting to ₱39,000 was reclassified from prepayments and other current assets to appropriately reflect nature and enhance the clarity and comparability of the presentation.
b. Accrued interest expense amounting to ₱1.10 million was reclassified from accounts payable to other payables to appropriately reflect its nature.
c. Rent expense amounting to ₱571,200 was presented as a separate line item within operating expenses to enhance clarity and presentation.

26. Prior Period Adjustments

1. Adjustment on prepayments and other current assets in 2023 and 2022 to derecognize advances to affiliates.
2. Adjustment on property and equipment and deferred drydocking to recognize revalued amount and correct accumulated depreciation in 2023 and 2022.
3. Adjustment on accounts and other payables in 2023 to recognize reclassified other current liabilities.
4. Adjustment on advances from related parties in 2023 and 2022 to recognize the amounts due to related parties.
5. Adjustment to income tax payable and loans payable in 2023 and 2022 to reflect correct amount due.
6. Adjustment on deferred tax liability to recognize deferred tax arising from revaluation surplus.
7. Adjustment on deficit in 2023 and 2022 to reflect adjusted net loss.
8. Adjustment on statements of comprehensive income in 2023 and 2022 to correct depreciation, insurance, interest and income tax expense and recognized interest income from cash in banks in 2023.

	2023		
	As previously reported	Adjustment	As restated
Changes in Statements of Financial Position			
Prepayments and other current assets	₱1,231,011	(₱1,021,218)	₱209,793
Property and equipment	122,084,284	240,951,715	363,035,999
Deferred drydocking	13,447,464	9,861,771	23,309,235
Accounts and other payables	(1,302,544)	(148,269)	(1,450,813)
Advances from related parties	-	(51,486,935)	(51,486,935)
Other current liabilities	(148,270)	148,270	-
Income tax payable	(293,970)	293,970	-
Loans payable	(126,637,939)	(120,059,757)	(246,697,696)
Deferred tax liability	-	(26,602,115)	(26,602,115)
Deficit	3,177,982	21,082,036	24,260,018
Revaluation surplus	-	(79,806,345)	(79,806,345)

Forward

	2023		
	As previously reported	Adjustment	As restated
Changes in Statements of Comprehensive Income			
Depreciation and amortization	₱8,041,051	₱5,584,081	₱13,625,132
Insurance	1,368,127	3,827,517	5,195,644
Interest expense	5,893,442	11,971,111	17,864,553
Interest income	-	(6,703)	(6,703)
Income tax expense	293,970	(293,970)	-

	2022		
	As previously reported	Adjustment	As restated
Changes in Statements of Financial Position			
Prepayments and other current assets	₱1,117,385	(₱947,348)	₱170,037
Property and equipment	70,563,280	106,144,322	176,707,602
Deferred drydocking	56,651,426	(56,651,426)	-
Advances from related parties	-	(26,556,290)	(26,556,290)
Income tax payable	(1,850,689)	1,850,689	-
Loans payable	(120,516,026)	(28,961,204)	(149,477,230)
Deficit	(2,433,017)	6,786,877	4,353,860
Changes in Statements of Comprehensive Income			
Depreciation	5,130,420	(987,115)	4,143,305
Insurance	1,677,023	93,371	1,770,394
Interest expense	5,610,765	7,786,119	13,396,884
Income tax expense	185,069	(105,497)	79,572

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INDEPENDENT AUDITOR'S SUPPLEMENTAL WRITTEN STATEMENT

The Shareholders and the Board of Directors
Aznar Shipping Corp.
(formerly known as Guardian Four Aces Shipping Corporation)
2nd Floor Manoling 2 Building, V. Gullas St., San Roque
6000 Cebu City, Cebu Region VII

We have examined the financial statements of **Aznar Shipping Corp.** *(formerly known as Guardian Four Aces Shipping Corporation)* (the "Company") for the year ended December 31, 2025, on which we have rendered the attached report dated June 30, 2026.

In compliance with the Revised Securities Code Rule 68, we are stating that the Company has a total number of eleven (11) shareholders owning one hundred (100) or more shares each.

ROXAS TABAMO & CO.

Christian Francis S. Felismino
Partner
CPA Certificate No. 0111361
Tax Identification No. 237-332-255
BIR Accreditation No. 08-001682-024-2025, issued on September 3, 2025,
effective until September 2, 2028
SEC Accreditation No. 111361-SEC, Group A, issued on February 4, 2020,
effective for the audit of 2019 to 2023 (extended to 2025*) financial statements of SEC covered institutions
PTR No. 10776966, issued on January 19, 2026, Makati City

June 30, 2026
Makati City

* Extension is covered by SEC Notice titled *Re-implementation of the SEC's Accreditation of Auditing Firms and External Auditors* issued on April 4, 2025.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Shareholders and the Board of Directors
Aznar Shipping Corp.
(formerly known as Guardian Four Aces Shipping Corporation)
2nd Floor Manoling 2 Building, V. Gullas St., San Roque
6000 Cebu City, Cebu Region VII

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of **Aznar Shipping Corp.** *(formerly known as Guardian Four Aces Shipping Corporation)* (the "Company") as at and for the years ended December 31, 2025, 2024 and 2023 and have issued our report thereon dated June 30, 2026. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. These schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's Management presented for purposes of complying with the Revised Securities Regulation Code (SRC) Rule 68 and the Securities and Exchange Commission (SEC) Memorandum Circular No. 16, Series of 2023 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROXAS TABAMO & CO.

Christian Francis S. Felismino
Partner
CPA Certificate No. 0111361
Tax Identification No. 237-332-255
BIR Accreditation No. 08-001682-024-2025, issued on September 3, 2025,
effective until September 2, 2028
SEC Accreditation No. 111361-SEC, Group A, issued on February 4, 2020,
effective for the audit of 2019 to 2023 (extended to 2025*) financial statements of SEC covered institutions
PTR No. 10776966, issued on January 19, 2026, Makati City

June 30, 2026
Makati City

* Extension is covered by SEC Notice titled *Re-implementation of the SEC's Accreditation of Auditing Firms and External Auditors* issued on April 4, 2025.

SCHEDULE I

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE PERIOD ENDED DECEMBER 31, 2025

Aznar Shipping Corp.
(formerly known as Guardian Four Aces Shipping Corporation)
2nd Floor Manoling 2 Building, V. Gullas St., San Roque
6000 Cebu City, Cebu Region VII

Unappropriated Retained Earnings, beginning of reporting year			**₱20,970,665**
Add:	**Category A: Items that are directly credited to Unappropriated Retained Earnings**		
	Reversal of Retained Earnings Appropriation/s	-	
	Effect of restatements or prior-period adjustments	-	
	Others	-	-
Less:	**Category B: Items that are directly debited to Unappropriated Retained Earnings**		
	Dividend declaration during the reporting year	-	
	Retained Earnings appropriated during the reporting year	-	
	Effect of restatements or prior-period adjustments	-	
	Others	-	-
Unappropriated Retained Earnings, as adjusted			**20,970,665**
Add/Less: Net Income for the current reporting year			**51,663,735**
Less:	**Category C.1: Unrealized income recognized in the profit or loss during the reporting year (net of tax)**		
	Equity in net income of associate/joint venture, net of dividends declared	-	
	Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
	Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
	Unrealized fair value gain of investment property	-	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
	Sub-total		-
Add:	**Category C.2: Unrealized income recognized in the profit or loss in prior reporting years but realized in the current reporting year (net of tax)**		
	Realized foreign exchange gain, except those attributable to cash and cash equivalents	-	
	Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
	Realized fair value gain of investment property	-	
	Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
	Sub-total		-

Add:	**Category C.3: Unrealized income recognized in profit or loss in prior reporting years but reversed in the current reporting year (net of tax)**		
	Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
	Reversal of previously recorded fair value adjustment (mark-to- market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
	Reversal of previously recorded fair value gain of investment property	-	
	Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
	Sub-total		**-**
Adjusted Net Income/Loss			**51,663,735**
Add:	**Category D: Non-actual losses recognized in profit or loss during the reporting year (net of tax)**		
	Depreciation on revaluation increment (after tax)	3,609,369	
	Sub-total		**3,609,369**
Add/Less:	**Category E: Adjustments related to relief granted by the SEC and BSP**		
	Amortization of the effect of reporting relief	-	
	Total amount of reporting relief granted during the reporting year	-	
	Others (describe nature)	-	
	Sub-total		**-**
Add/Less:	**Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution**		
	Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
	Net movement in deferred tax asset and deferred tax liabilities related to same transaction (e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set up of service concession asset and concession payable)	(179,995)	
	Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
	Others (describe nature)	-	
	Sub-total		**(179,995)**
Total Retained Earnings available for dividend, end of the reporting year			**₱76,063,774**

AZNAR SHIPPING CORP.
(formerly known as Guardian Four Aces Shipping Corporation)

SCHEDULE II
SCHEDULE SHOWING FINANCIAL SOUNDNESS PURSUANT TO REVISED SRC RULE 68
AS AT DECEMBER 31, 2025 AND 2024

			As at	
Ratio	Formula		**2025**	2024
Liquidity Ratios:				
Current ratio	Total Current Assets divided by Total Current Liabilities		**1.49**	0.57
	Total Current Assets	₱139,060,722		
	Divide by: Total Current Liabilities	₱93,346,738		
	Current ratio	1.49		
Quick ratio	Total Quick Assets divided by Total Current Liabilities		**0.47**	0.46
	Total Quick Assets	₱43,496,349		
	Divide by: Total Current Liabilities	₱93,346,738		
	Quick ratio	0.47		
Solvency Ratios:				
Debt ratio / Debt-to asset ratio	Total Liabilities divided by Total Assets		**0.78**	0.73
	Total Liabilities	₱644,484,839		
	Divide by: Total Assets	₱821,819,354		
	Debt-to-asset ratio	0.78		
Debt-to-equity ratio	Total Liabilities divided by Total Equity		**3.63**	2.74
	Total Liabilities	₱644,484,839		
	Divide by: Total Equity	₱177,334,515		
	Debt-to-equity ratio	3.63		
Asset-to-equity ratio	Total Assets divided by Total Equity		**4.63**	3.74
	Total Assets	₱821,819,354		
	Divide by: Total Equity	₱177,334,515		
	Asset-to-equity ratio	4.63		
Interest rate coverage ratio	EBIT divided by Interest Expense		**3.76**	1.92
	EBIT	₱93,822,842		
	Divide by: Interest Expense	₱24,928,326		
	Interest rate coverage ratio	3.76		

Ratio	Formula		As at 2025	2024
Profitability Ratios:				
Return on assets	Net Income divided by Average Total Assets		**0.08**	0.11
	Net Income	₱51,663,735		
	Divide by: Average Total Assets	₱610,180,034		
	Return on assets	0.08		
Return on equity	Net Income divided by Average Total Equity		**0.36**	0.49
	Net Income	₱51,663,735		
	Divide by: Average Total Equity	₱141,900,886		
	Return on equity	0.36		
Net profit margin	Net income divided by Revenues			
	Net Income	₱51,663,735	**0.23**	0.19
	Divide by: Revenues	₱223,866,380		
	Net profit margin	0.23		

AZNAR SHIPPING CORP.
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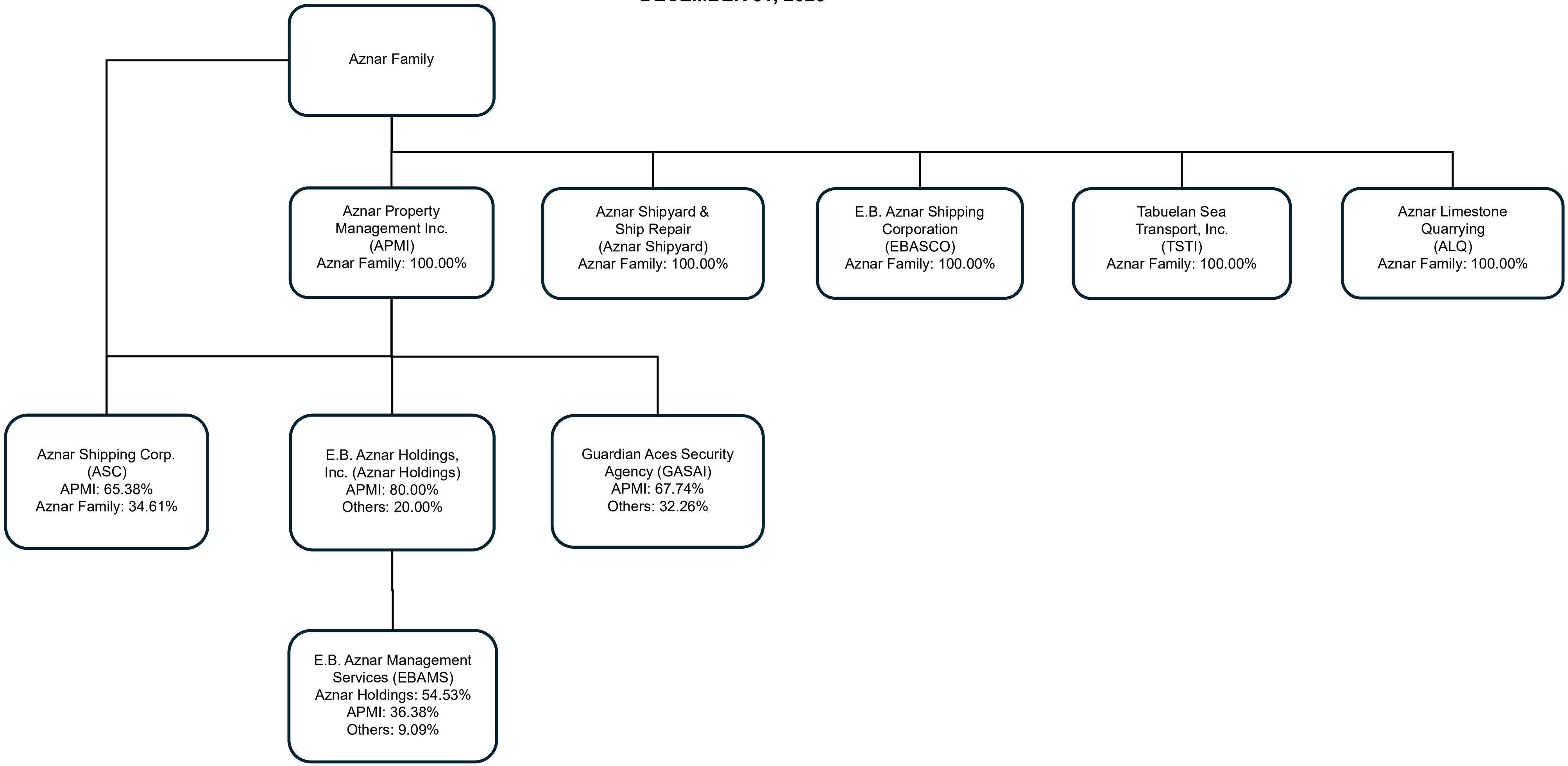
SCHEDULE III
A MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE GROUP AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT AND ITS CO-SUBSIDIARIES PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2025



AZNAR SHIPPING CORP.
(formerly known as Guardian Four Aces Shipping Corporation)

SCHEDULE IV
SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2025

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
N/A	N/A	N/A	N/A

AZNAR SHIPPING CORP.
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SCHEDULE IV
SCHEDULE B
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL SHAREHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2025

Name and Designation of Debtor	Balance at beginning of period	Additions	Paid	Current	Noncurrent	Balance at end of period
Other Receivables:						
Renato B. Mahusay - Port Incharge	₱-	₱320,988	₱-	₱320,988	₱-	₱320,988
Richard A. Tuastumban - Port Incharge	₱-	₱254,307	₱-	₱254,307	₱-	₱254,307
Emerico Alvarado Jr. - Second Mate	₱-	₱46,550	₱-	₱46,550	₱-	₱46,550
Erwin D. Javellana - Captain	₱-	₱126,500	₱-	₱126,500	₱-	₱126,500
Allan E. Alampay - Treasury Staff	₱-	₱153,500	₱-	₱153,500	₱-	₱153,500
Eldrin L. Galuso - Captain	₱-	₱65,000	₱-	₱65,000	₱-	₱65,000
Noel W. Abing - Chief Mate	₱-	₱1,160	₱-	₱1,160	₱-	₱1,160
Ruel J. Gonzalo - Port Captain	₱-	₱107,503	₱-	₱107,503	₱-	₱107,503
Jude Jugarap - AB	₱-	₱45,450	₱-	₱45,450	₱-	₱45,450
Alejandro Sato - Treasury Staff	₱-	₱95,300	₱-	₱95,300	₱-	₱95,300
Ruben O. Ceniza - Boatswain	₱-	₱9,520	₱-	₱9,520	₱-	₱9,520
Shina M. Cajurao - Passage Teller	₱-	₱21,765	₱-	₱21,765	₱-	₱21,765
Advances to related parties:						
Tabuelan Sea Transport, Inc. (TSTI); Unsecured, non-interest bearing, payable on demand	₱-	₱30,501,313	₱-	₱30,501,313	₱-	₱30,501,313
E.B. Aznar Management Services Corporation (EBAMS); Unsecured, non-interest bearing, payable on demand	₱-	₱939,227	₱-	₱939,227	₱-	₱939,227

Name and Designation of Debtor	Balance at beginning of period	Additions	Paid	Current	Noncurrent	Balance at end of period
Aznar Shipyard & Ship Repair (Aznar Shipyard); Unsecured, non-interest bearing, payable on demand	₱-	₱35,000,000	₱-	₱35,000,000	₱-	₱35,000,000
Aznar Property Management Inc. (APMI); Unsecured, non-interest bearing, payable on demand	₱-	₱18,648,857	₱-	₱18,648,857	₱-	₱18,648,857
E.B. Aznar Shipping Corporation (EBASCO); Unsecured, non-interest bearing, payable on demand	₱-	₱2,196,707	₱-	₱2,196,707	₱-	₱2,196,707

AZNAR SHIPPING CORP.
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SCHEDULE IV
SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2025

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

AZNAR SHIPPING CORP.
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SCHEDULE IV
SCHEDULE D
INTANGIBLE ASSETS – OTHER ASSETS
DECEMBER 31, 2025

Description	Balance at beginning of period	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Balance at end of period
Computer software	₱-	₱1,175,000	₱-	₱-	₱-	₱1,175,000

AZNAR SHIPPING CORP.
(formerly known as Guardian Four Aces Shipping Corporation)

SCHEDULE IV
SCHEDULE E
LONG-TERM DEBT
DECEMBER 31, 2025

Name of issuer and type of obligation	Total outstanding balance	Amount shown under "Current portion of long-term debt"	Amount shown under "Long-term Debt"
Long-Term Loans:			
Rizal Commercial Banking Corporation			
PN No. 706	₱4,656,029	₱4,656,029	₱-; 10.00%, monthly payment, maturity of December 31, 2026
PN No. 711	₱6,165,763	₱4,519,366	₱1,646,397; 10.00%, monthly payments, maturity of April 12, 2027
PN No. 758	₱5,419,009	₱1,156,892	₱4,262,117; 13.50%, monthly payments, maturity of October 1, 2029
PN No. 759	₱5,419,009	₱1,156,892	₱4,262,117; 13.50%, monthly payments, maturity of October 25, 2029
PN No. 760	₱10,838,018	₱2,313,783	₱8,524,235; 13.50%, monthly payments, maturity of October 31, 2029
PN No. 768	₱3,444,059	₱665,937	₱2,778,122; 13.00%, monthly payments, maturity of February 13, 2030
PN No. 786	₱10,028,006	₱1,439,448	₱8,588,558; 11.50%, monthly payments, maturity of February 10, 2031

Forward

Name of issuer and type of obligation	Total outstanding balance	Amount shown under "Current portion of long-term debt"	Amount shown under "Long-term Debt"
Rizal Commercial Banking Corporation			
PN No. 787	₱13,370,675	₱1,919,264	₱11,451,411; 11.50%, monthly payments, maturity of February 17, 2031
PN No. 806	₱2,791,054	₱367,054	₱2,424,000; 11.50%, monthly payments, maturity of June 4, 2031
PN No. 812	₱11,390,322	₱1,457,118	₱9,933,204; 11.50%, monthly payments, maturity of August 11, 2031
PN No. 831	₱7,703,821	₱825,893	₱6,877,928; 11.50%, monthly payments, maturity of April 27, 2032
PN No. 841	₱18,944,505	₱1,916,723	₱17,027,782; 11.50%, monthly payments, maturity of July 27, 2032
Philippine National Bank			
PN 800011960964	₱18,629,350	₱2,429,916	₱16,199,434; 7.75%, monthly payments, maturity of September 3, 2033
PN 800012000825	₱2,558,246	₱333,683	₱2,224,563; 7.75%, monthly payments, maturity of September 3, 2033
PN 800012011715	₱50,556,254	₱6,594,300	₱43,961,954; 7.75%, monthly payments, maturity of September 3, 2033
PN 800012280601	₱27,517,833	₱3,057,537	₱24,460,296; 7.75%, monthly payments, maturity of October 12, 2029
PN 800012447202	₱25,530,000	₱2,836,667	₱22,693,333; 7.75%, monthly payments, maturity of October 12, 2029

Forward

Name of issuer and type of obligation	Total outstanding balance	Amount shown under “Current portion of long-term debt”	Amount shown under “Long-term Debt”
PN 800012454862	₱16,634,400	₱1,360,996	₱15,273,404; 7.75%, monthly payments, maturity of May 16, 2030
PN 800012456864	₱34,956,236	₱317,784	₱34,638,452; 7.75%, monthly payments, maturity of May 16, 2029
PN 800012459182	₱11,631,178	₱105,738	₱11,525,440; 7.75%, monthly payments, maturity of May 16, 2029
PN 800012467552	₱99,891,568	₱908,105	₱98,983,463; 7.75%, monthly payments, maturity of May 16, 2029
PN 800012500459	₱886,618	₱8,060	₱878,558; 7.75%, monthly payments, maturity of May 16, 2030
PN 800012500527	₱5,611,023	₱2,172,009	₱3,439,014; 7.75%, monthly payments, maturity of July 6, 2028
PN 800012507939	₱33,118,000	₱3,679,778	₱29,438,222; 7.75%, monthly payments, maturity of October 12, 2029
PN 800012639014	₱96,648,600	₱11,260,031	₱85,388,569; 7.75%, monthly payments, maturity of October 12, 2029
PN 800012649240	₱3,625,568	₱422,395	₱3,203,173; 7.75%, monthly payments, maturity of October 12, 2029
PN 800012649374	₱5,000,000	₱1,666,666	₱3,333,334; 7.75%, monthly payments, maturity of December 18, 2028

AZNAR SHIPPING CORP.
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SCHEDULE IV
SCHEDULE F
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2025

Name of the Related Party	Balance at beginning of period	Balance at end of period
N/A	N/A	N/A

AZNAR SHIPPING CORP.
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SCHEDULE IV
SCHEDULE G
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2025

Name of the issuing entity of securities guaranteed by the Group for which the statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is lifted	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

AZNAR SHIPPING CORP.
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SCHEDULE IV
SCHEDULE H
CAPITAL STOCK
DECEMBER 31, 2025

	Number of shares					
Title of Issue	**Authorized**	**Issued and outstanding as shown under related financial position caption**	**Reserved for options, warrants, conversion and other rights**	**Held by related parties**	**Held by directors, officers and employees**	**Others**
Common	32,000,000	26,000,400	-	17,000,000	9,000,400	(a) Additional subscription by shareholders

AZNAR SHIPPING CORP.
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SCHEDULE V
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2025

	Current Year	Prior Year
Total Audit Fees	**₱450,000**	**₱400,000**
Non-Audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Non-Audit Fees	**-**	**-**
Total Audit and Non-Audit Fees	**₱450,000**	**₱400,000**

Audit and Non-Audit fees of other related entities

	Current Year	Prior Year
Audit fees	₱-	₱-
Non-Audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-Audit Fees of other related entities	**₱-**	**₱-**