# IMPORTANT NOTICE

THIS PRELIMINARY PROSPECTUS ("PROSPECTUS") IS BEING DISPLAYED ON THIS WEBSITE TO MAKE THIS PROSPECTUS ACCESSIBLE TO INVESTORS IN THE PHILIPPINES AND IS TO BE VIEWED EXCLUSIVELY WITHIN THE PHILIPPINES.

THE PHILIPPINE STOCK EXCHANGE, INC. (THE "PSE") ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF STATEMENTS MADE, OR THE OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. THE PSE MAKES NO REPRESENTATION AS TO THE COMPLETENESS OF THIS PROSPECTUS AND DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM OR IN RELIANCE, IN FULL OR IN PART, OF THE CONTENTS OF THIS PROSPECTUS.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

The offering information on this website is intended to be available only to Philippine and non-Philippine citizens residing in the Philippines or corporations or juridical entities organized and existing under Philippine law and is not intended for distribution outside the Philippines.

If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

This Prospectus is being made available in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Company nor any of the Company's affiliates and advisors accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version.

You are responsible for protecting against viruses and other destructive items. Your receipt of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

This Prospectus and the information contained herein are subject to completion or amendment without notice. The Offer Shares may not be sold nor may an offer to buy be accepted prior to the time that the Prospectus is issued in final form. Under no circumstances shall this Prospectus constitute an offer to sell or a solicitation of an offer to buy any Offer Shares nor shall there be any offer, solicitation or sale of the Offer Shares in any jurisdiction where such offer or sale is not permitted.

THIS PRELIMINARY PROSPECTUS AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION OR AMENDMENT WITHOUT NOTICE. THE OFFER SHARES MAY NOT BE SOLD NOR MAY AN OFFER TO BUY BE ACCEPTED PRIOR TO THE TIME THAT THE PRELIMINARY PROSPECTUS IS ISSUED IN FINAL FORM. UNDER NO CIRCUMSTANCES SHALL THIS PRELIMINARY PROSPECTUS CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OFFER SHARES NOR SHALL THERE BE ANY OFFER, SOLICITATION OR SALE OF THE OFFER SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF SUCH JURISDICTION.

# AZNAR SHIPPING CORPORATION

(incorporated in the Republic of the Philippines)

**Initial Public Offer of up to 1,000,000,000 Primary Common Shares**
**With an Over-Allotment Option of**
**up to 100,000,000 Secondary Common Shares**

**Offer Price of up to Php0.67 per Common Share**

*To be listed and traded on the*
*SME Board of The Philippine Stock Exchange, Inc.*

**Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners**

INVESTMENT & CAPITAL CORPORATION OF THE PHILIPPINES

PNB Capital

**Selling Agents**

**Trading Participants of The Philippine Stock Exchange, Inc.**

The date of this [Preliminary] Prospectus is September 4, 2026.

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

# AZNAR SHIPPING CORP.

Address: 2nd Floor, Manoling 2 Building, V. Gullas St., San Roque, Cebu City, Cebu, Philippines.
Website: https://aznarshipping.ph/
Email: investorrelations@aznarshipping.ph
Telephone Number: +63 32 232 6481

This [Preliminary] Prospectus ("**Prospectus**") relates to the offer and sale of up to 1,000,000,000 primary common shares (the "**Firm Offer**", and such shares, the "**Firm Shares**"), with an Overallotment Option (as defined below) of up to 100,000,000 secondary common shares (the "**Option Shares**") (collectively, the Firm Shares and the Option Shares are referred to as the "**Offer Shares**"), each with a par value of Php0.10 per share (the "**Shares**", or the "**Common Shares**"), of **Aznar Shipping Corp.** (the "**Company**", the "**Issuer**", "**Aznar**", or "**ALX**"), a corporation organized under Philippine law. The Firm Shares shall comprise of up to 1,000,000,000 new Common Shares to be issued and offered by the Company out of its authorized capital stock by way of a primary offer ("**Primary Offer Shares**"). On the other hand, the Option Shares shall comprise of up to 100,000,000 issued shares owned by E.B. Aznar Shipping Corp. ("**EBASCO**" or the "**Selling Shareholder**"). The offer of the Offer Shares is referred to herein as the "**Offer**."

Aznar (formerly, Guardian Four Aces Shipping Corporation) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission ("**SEC**") on January 22, 2016. Its current primary purpose is to own and operate ships and/or motor vessels for carriage of passenger and cargo to and from any port of entry within the jurisdiction of the Philippines, and to engage in the ship management business.

As of the date of this [Preliminary] Prospectus, the Company has an authorized capital stock of [Php965,000,000.00] divided into [9,650,000,000] common shares with a par value of Php0.10 per share, of which [2,596,054,890] Common Shares are issued and outstanding. A total of 3,596,054,890 common shares will be outstanding after the Offer (as defined below). The Offer Shares (as defined below) shall represent approximately [27.81]% and [30.59]% of the issued and outstanding capital stock of the Company after completion of the Offer, respectively, assuming the non-exercise and full-exercise of the Overallotment Option.

The Offer Shares will be offered at a price of up to Php[0.67] per Offer Share (the "**Offer Price**"). The determination of the Offer Price is further discussed in the section entitled "Determination of the Offer Price" of this Prospectus and is based on a book-building process and discussions among the Company, the Selling Shareholder, and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners of the Offer, Investment & Capital Corporation of the Philippines ("**ICCP**") and PNB Capital and Investment Corporation ("**PNB Capital**", and collectively with ICCP shall be referred to as the "**Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners**").

The Common Shares will be listed and traded on the SME Board of The Philippine Stock Exchange, Inc. (the "**PSE**") under the trading symbol "**ALX**".

Up to [300,000,000] Firm Shares (or 30% of the Firm Shares) are being offered to all Trading Participants of the PSE (the "**PSE Trading Participants**") and Local Small Investors ("**LSIs**") under the Local Small Investors Program being implemented by the PSE (the "**Trading Participants and Retail Offer**"; and the shares subject of the Trading Participants and retail offer, the "**Trading Participants and Retail Offer Shares**"). Out of the Trading Participants and Retail Offer Shares, up to [200,000,000] Firm Shares (or 20% of the Firm Shares) are being allocated to all PSE Trading Participants (the "**Trading Participants Offer**" and the Offer Shares subject of the Trading Participants Offer, the "**Trading Participants Offer Shares**"), and up to [100,000,000] Offer Shares (or 10% of the Firm Shares) (the "**Retail Offer**" and the Offer Shares subject of the Retail Offer, the "**Retail Offer Shares**") are being offered to LSIs, subject to re-allocation as described below.

At least [700,000,000] Offer Shares (or 70% of the Firm Shares) are (subject to re-allocation as described below) being offered for sale to certain qualified buyers and other investors in the Philippines by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners (the "**Institutional Offer**"; and the shares subject of the Institutional Offer, the "Institutional Offer Shares").

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Firm Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and a corresponding over-application in the Institutional Offer, Firm Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer, on the one hand, and the Institutional Offer, on the other hand.

Pursuant to the approval of the SEC dated [●], the Issuer and the Selling Shareholder appointed [PNB Securities, Inc.] to act as stabilizing agent (the "**Stabilizing Agent**"). The Selling Shareholder has granted the Stabilizing Agent an option, exercisable, in whole or in part for a period from and including the Listing Date of the Offer Shares and, if exercised, ending on a date no later than 30 calendar days from and including the Listing Date, to purchase the Option Shares at the Offer Price from the Selling Shareholder, on the same terms and conditions as the Firm Shares as set forth in this Prospectus, solely to cover overallotments, if any (the "**Overallotment Option**"). The Option Shares are not fully underwritten unlike the Firm Shares; consequently, the Option Shares may not be fully sold and taken up. In connection with the Offer, the Stabilizing Agent may effect stabilizing transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Any stabilization activities may begin on or after the Listing Date and, if begun, may be ended at any time, but must end no later than 30 calendar days from and including the Listing Date. Any stabilization activities shall be done in compliance with all applicable laws, rules and regulations. The total number of Common Shares which the Stabilizing Agent or any person acting in its behalf may purchase to undertake stabilization activities shall not exceed [10%] of the aggregate number of the Firm Shares. If the Stabilizing Agent commences any stabilization activities (which would include thereafter disposing of or selling the Common Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Common Shares will not decline significantly after any such stabilizing activities end. See "Plan of Distribution" on page [221] for more information. Any Common Shares purchased in the course of the stabilization activities by the Stabilizing Agent shall be redelivered to the Selling Shareholder, in which case, the net proceeds received from such Overallotment Option Shares will be lower depending on the market price in the stabilization activities.

Upon completion of the Offer and full take-up thereof by public shareholders, the Shares owned by the Selling Shareholder will represent approximately 27.82% and 25.03% of the issued and outstanding Common Shares of the Company, respectively, assuming the non-exercise and full-exercise of the Overallotment Option.

The estimated gross proceeds to be raised by the Company from the sale of the Primary Offer Shares, assuming an Offer Price of up to Php[0.67] per share, will be approximately Php[670.00] million, and the estimated net proceeds to be raised by the Company from the sale of the Primary Offer Shares, after deducting from the gross proceeds the estimated fees and expenses of the Offer of approximately Php[29.14] million, is expected to be approximately Php[640.86] million. The Company intends to use the net proceeds from the sale of the Primary Offer Shares for capital expenditure on fleet expansion, shipyard facility development, and general corporate purposes. For a more detailed discussion on the use of proceeds from the Offer, see "*Use of Proceeds*" beginning on page [68] of this Prospectus. [The Selling Shareholder's total proceeds and estimated net proceeds (after deducting fees and expenses payable by the Selling Shareholder) to be raised from the sale of the Secondary Offer Shares will be approximately Php[67.00] million and Php[65.87] million, respectively.] Assuming full exercise of the Over-allotment Option, the Selling Shareholder's gross proceeds from the sale of the Option Shares is up to Php[67,000,000.00] and estimated net proceeds (after deducting fees and expenses payable by the Selling Shareholder) will be approximately Php[65,870,000]. The Company will not receive any proceeds from the sale of Option Shares by the Selling Shareholder.

The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners will receive from the Company and the Selling Shareholder a fee of up to [1.75]% of the gross proceeds from the sale of the Offer Shares. This is inclusive of the amounts to be paid to other participating underwriters, duly licensed securities brokers who are PSE Trading Participants, and other institutions as Selling Agents, where applicable. PSE Trading Participants who take up the Trading Participants and Retail Offer Shares (as defined below) shall be entitled to a selling fee of 1%, inclusive of VAT, of the gross proceeds of the Trading Participants and Retail Offer Shares taken up and purchased by the relevant PSE Trading Participant. Any Firm Shares left unsubscribed after the Trading Participants and Retail Offer (as defined below) and the Institutional Offer (excluding Option Shares) will be firmly underwritten by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. For a more detailed discussion, please see "Plan of Distribution" of this Prospectus.

All of the Offer Shares have, or upon issue will have, rights and privileges identical to those of the issued and outstanding Common Shares of the Company. For a detailed discussion of the rights and features of the Common Shares, including the Offer Shares, please refer to the section on "Description of the Offer Shares" of this Prospectus.

The Company is authorized to declare dividends to holders of its Common Shares as of a record date set by the Company's Board of Directors ("**Board**"). Dividends may be payable, at the discretion of the Board, in cash, property, or stock. A cash or property dividend declaration requires the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board, and shareholders representing at least two-thirds of the Company's total outstanding capital stock. The Revised Corporation Code has defined "outstanding capital stock" as the total shares of stock issued, whether or not paid in full, except treasury shares. The Company's current dividend policy provides for an annual dividend payment up to 30% of net income after tax of the preceding fiscal year, payable in cash, property or shares, subject to the requirements of applicable laws and regulations, and circumstances which restrict the payment of dividends. See "Dividends and Dividend Policy" beginning on page [71] of this Prospectus. There can be no guarantee that the Company will pay any dividends in the future. The ability to declare dividends is subject to the requirements of applicable laws, rules and regulations, the availability of unrestricted retained earnings, and circumstances which restrict the payment of dividends.

On [●], the Company filed a Registration Statement with the SEC, in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "**SRC**") for the registration of all the issued and outstanding Shares of the Company and the Offer Shares. On [●], the SEC approved the Registration Statement and issued a Pre-Effective Letter. Upon compliance with the requirements of the Pre-Effective Letter, the Company expects the SEC to issue the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale. The issuance of the Permit to Offer Securities for Sale is merely permissive and does not constitute a recommendation or endorsement by the SEC of the Offer Shares.

The listing of the Common Shares including the Offer Shares is subject to the receipt of the Notice of Approval issued by the PSE (the "**PSE Notice of Approval**"). On [●], the Company filed its application for the listing and trading of its issued and outstanding common shares and the Offer Shares. On [●], the PSE issued its Notice of Approval, subject to compliance with certain conditions. The PSE's approval of the listing is merely permissive and does not constitute a recommendation or endorsement of the Offer by the PSE. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. Furthermore, the PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Unless specifically stated otherwise, all information provided in this Preliminary Prospectus is current as of the date of its publication. It is important to note that the distribution of this Prospectus and the subsequent issuance or sale of any Offer Shares herein should not, under any circumstances, be construed as an assurance that the information contained herein remains accurate beyond the date of this document. Furthermore, it does not imply that there have been no developments in the Company's affairs since that date.

The information contained in this Prospectus relating to the Company and its operations has been supplied by the Company, unless otherwise stated herein. The Company has exercised due diligence to the effect that, and confirms that, after having taken reasonable care to ensure that such is the case, and as of the date of this Prospectus, all information contained in this Prospectus is true and there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect, and the Company hereby accepts responsibility under and in accordance with the SRC for the accuracy of the material information contained in this Prospectus relating to the Issuer, the Company and its operations.

The Offer Shares are being offered solely in the Philippines through the Joint Lead Underwriters and Bookrunners and the Selling Agents.

**Risk of Investing**

In making an investment decision, prospective investors are advised to carefully consider all the information in this Prospectus, including, but not limited to, the risks associated with an investment in the Offer Shares. These risks include:

- Risks relating to the Company's Business;
- Risks relating to the Philippines;
- Risks relating to the Offer and the Offer Shares; and
- Risks relating to the Presentation of Information in this Prospectus.

Please see the section entitled "**Risk Factors**" of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with an investment in the Offer Shares.

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## NOTICE TO INVESTORS

The Offer Shares are offered subject to receipt and acceptance of any order by the Company and subject to the Company's right to reject any order in whole or in part and in consultation with the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. It is expected that the Offer Shares will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp. ("**PDTC**") on or about the Listing Date.

The Company confirms that this Prospectus contains all material information relating to the Company, as well as all material information on the issue and offer of the Offer Shares as may be required by the applicable laws of the Republic of the Philippines. To the best of the Company's knowledge, no facts have been omitted that would make any statement in this Prospectus misleading in any material respect. Unless otherwise indicated, all information in this Prospectus is as of the date hereof. Neither the delivery of this Prospectus nor any sale made pursuant to the Offer shall, under any circumstance, create any implication that the information contained or referred to in this Prospectus is accurate as of any time subsequent to the date hereof.

No representation or warranty, express or implied, is made by the Company, the Selling Shareholder or the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners regarding the legality of an investment in the Offer Shares under any laws, rules or regulations. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners are expected to conduct due diligence on the Company, its documents, and the information presented on the Registration Statement.

The contents of this Prospectus are not investment, financial, legal or tax advice. Prospective investors should consult their own counsel, accountant, and other advisors as to legal, tax, business, financial and related aspects of an investment in the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own careful examination of the Company and the terms of the Offer, including the merits and risks involved. Furthermore, prospective investors should inform themselves of any taxation or exchange control law, rule, or regulation affecting them personally. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited. Each prospective investor of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

THE OFFER SHARES ARE BEING OFFERED IN THE PHILIPPINES ONLY, ON THE BASIS OF THIS PROSPECTUS. ANY DECISION TO SUBSCRIBE OR PURCHASE THE OFFER SHARES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Selling Shareholder, and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. This Prospectus does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. The Company, the Selling Shareholder, and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or a solicitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Each prospective purchaser of the Offer Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or resells the Offer Shares or possesses and distributes this Prospectus and must obtain any consents, approvals or permissions required for the purchase, offer, sale or resale by it of the Offer Shares under the laws, rules and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or resales, and none of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Selling Shareholder and the Company shall have any responsibility therefor.

The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners has exercised due diligence on the Company to the extent required by applicable regulations under Philippine law. In accordance with the requirements of applicable laws and regulations in the Philippines for the sale of securities, such as the Offer Shares, each of the Company, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, has exercised due diligence to the effect that, and the Company confirms that to the best of its knowledge and belief, after having taken reasonable care to ensure that such is the case, as of the date of this Prospectus, the information contained in this Prospectus relating to the Company and its operations is true and there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect. The Joint Issue Mangers, Joint Lead Underwriters and Joint Bookrunners assume no liability for any information supplied by the Company in relation to this Prospectus, provided that the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners have undertaken requisite due diligence on the Company to the extent required by applicable regulations under Philippine law.

Each person contemplating an investment in the Offer Shares should exercise appropriate due diligence, conduct an independent investigation and evaluation of the financial conditions, business affairs, status, prospects and other relevant circumstances of the Company, and arrive at his or her own determination of the creditworthiness of the Company as well as the suitability and merit of investing in the Offer Shares. A person contemplating an investment in the Offer Shares should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the Offer or the nature of the risks involved in the trading of the Common Shares. Investing in the Offer Shares involves a higher degree of risk compared to an investment in debt instruments. For a discussion of certain factors to be considered in respect of an investment in the Offer Shares, please see the section “Risk Factors” of this Prospectus.

The purchase of the Offer Shares in certain jurisdictions may be restricted by law. Foreign investors interested in purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.

The Offer Shares may be purchased and owned by any person or entity regardless of citizenship or nationality, subject to nationality restrictions under Philippine law. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in certain activities. In particular, the Philippine Constitution and other Philippine laws and regulations require that ownership of companies that own land be limited to citizens of the Philippines, or Philippine Nationals. Philippine Nationals include corporations or associations organized under the laws of the Philippines of which at least 60% of the capital stock outstanding is owned or held by citizens of the Philippines.

The Company does not own land; thus, it is currently not subject to any foreign ownership limits.

Please refer to the discussion under the section on “Philippine Foreign Investment, Exchange Controls, and Foreign Ownership” of this Prospectus.

In consultation with the Joint Issue Managers, Joint Lead Underwriters and Joint bookrunners, the Company, together with the Selling Shareholder, reserve the right to withdraw the offer and sale of Offer Shares at any time before the commencement of the Offer Period. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and the PSE. After the commencement of the Offer Period, the Company shall not withdraw, cancel, suspend or terminate the Offer solely by reason of the underwriters’ inability to sell or market the Offer Shares. The Company reserves the right to withdraw the Offer at any time before the commencement of the Offer Period, in which event the Company will make the necessary disclosures to the SEC and PSE. The Offer may also be withdrawn at any time on or after the commencement of the Offer Period and prior to the Listing Date, due to the occurrence of any of the events referred to in the section on “Withdrawal of the Offer.” See “Plan of Distribution—Withdrawal of the Offer” on page [•] for further information.

The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and certain related entities may acquire for their own account a portion of the Offer Shares.

Each offeree of the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

## BASIS FOR CERTAIN MARKET DATA

Market data and certain industry data used throughout this Prospectus were obtained from market research, publicly available information, industry publications and on the Company's own analysis and knowledge of the markets for its products. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners makes any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Please see the section entitled "Industry Overview" on of this Prospectus for information relating to the industry in which the Company operates.

## CONVENTIONS USED IN THIS PROSPECTUS

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the "**Company**," the "**Issuer**," "**ALX**", and "**Aznar**" are to Aznar Shipping Corp. All references to the "**BSP**" are references to Bangko Sentral ng Pilipinas, the central bank of the Philippines. All references to the "**Government**" are references to the government of the Republic of the Philippines. All references to "**Philippine Pesos**" and "**Php**" are to the lawful currency of the Philippines. Any specific time of day refers to Philippine Standard Time. Certain terms used herein are defined in the "Glossary of Terms" of this Prospectus. Items in the Glossary of Terms may be defined otherwise by appropriate government agencies or laws, rules, or regulations from time to time, or by conventional or industry usage.

## PRESENTATION OF FINANCIAL INFORMATION

The Company's financial statements are reported in Philippine Pesos and are prepared based on the Company's accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standards Council of the Philippines. PFRS includes statements named PFRS and Philippine Accounting Standards, and Philippines Interpretations from International Financial Reporting Interpretations Committee.

The financial information included in this Prospectus has been derived from the Company's financial statements. Unless otherwise indicated, financial information relating to the Company in this Prospectus is stated in accordance with PFRS.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

The Company's financial year begins on January 1 and ends on December 31 of each year. MOORE Roxas Tabamo & Co. ("**MRTC**") has audited the Company's financial statements as of and for the years ended December 31, 2023, 2024, and 2025, and as of and for the six-month periods ended June 30, 2026 and 2025, in accordance with Philippine Standards on Auditing ("**PSA**").

The Company appointed MRTC as its independent auditor on June 9, 2025. MRTC issued reports dated **June 30, 2026** and **August 11, 2026**, with an unqualified opinion on the Company's financial statements as of and for the years ended December 31, 2023, 2024, and 2025, and for the six-month periods ended June 30, 2026 and 2025. For more information, please refer to the Company's audited financial statements as of and for the years ended December 31, 2023, 2024, and 2025, and for the six-month periods ended June 30, 2026 and 2025 found in Appendix A-1 and B-1 of this Prospectus.

## PRESENTATION OF NON-PFRS FINANCIAL INFORMATION

This Prospectus includes certain non-PFRS financial measures, including EBITDA and EBITDA margin. References to "**EBITDA**" are to net profit before finance costs, taxes, depreciation and amortization. EBITDA is a supplemental measure of the Company's performance and liquidity that is not required by,

or presented in accordance with PFRS. Further, EBITDA is not a measurement of the Company's financial performance or liquidity under PFRS and should not be considered as an alternative to net income, revenues or any other performance measure derived in accordance with PFRS or as an alternative to cash flow from operations or as a measure of the Company's liquidity. The Company believes that EBITDA may facilitate operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation and amortization of tangible assets. However, as there are various EBITDA calculation methods, the Company's presentation of EBITDA may not be comparable to similarly titled measures used by other companies. "**EBITDA Margin**" is calculated as EBITDA divided by sales.

Non-PFRS financial measures have limitations as analytical tools, and investors should not consider them in isolation from, or as a substitute for, an investors' own analysis of the Company's financial condition or results of operations, as reported under PFRS. These non-PFRS financial measures are not standardized terms and other companies may calculate measures bearing the same titles differently, hence a direct comparison between companies using such terms may not be possible, which limits the usefulness of these non-PFRS financial measures.

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A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

**AZNAR SHIPPING CORP.**

By: [redacted]

**Kyle Alexander C. Aznar**
President and CEO

REPUBLIC OF THE PHILIPPINES)
CITY OF CEBU ) S.S.

Before me, a notary public for and in the city named above, personally appeared Kyle Alexander C. Aznar, with [redacted] at [redacted], who was identified by me through competent evidence of identity to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this SEP 04 2026 at Cebu City.

Doc No. 247
Page No. 50
Book No. IV
Series of 2026.

[redacted]

ATTY. LUKE MAHATMA R. FERNANDEZ
Notary Public Cebu City until December 31, 2026
Notarial Commission No. 108-17
IBP No. INV586486 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

## FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from expected future results;
- performance or achievements expressed or implied by forward-looking statements;
- overall future business, financial condition, operational performance and results of operations, including, but not limited to financial position or cashflow; and
- changes in regulatory environment including, but not limited to, policies, decisions, and determinations of governmental or regulatory authorities.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies, the environment in which the Company will operate in the future and current expectations and projections about future events and financial trends affecting its business. Words or phrases such as "believes," "expects," "anticipates," "intends," "plans," "foresees" or other words or phrases of similar import are intended to identify forward looking statements. Similarly, statements that describe the Company's objectives, plans or goals are also forward-looking statements, and the company gives no assurance that such forward-looking statements will prove to be correct. In light of these risks and uncertainties associated with forward-looking statements, investors should be aware that the forward looking events and circumstances discussed in this Prospectus might not occur. Actual results could differ materially from those contemplated in the relevant forward-looking statements. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the Company's ability to successfully implement its current and future strategies;
- the Company's ability to successfully manage aggressive growth;
- changes in technology;
- any political and social instability in the Philippines;
- the condition of and changes in the Philippine, Asian or global economies;
- changes in interest rates, inflation rates and the value of the Peso against the U.S. dollar and other currencies;
- changes to the laws, including tax laws, regulations, policies and licenses applicable to or affecting the Company;
- competition in the Philippine shipping industry; and
- natural calamities.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under "Risk Factors" and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. In light of geopolitical developments, and associated uncertainties in the global financial markets and their effect on the real economy, any forward-looking statements and forward-looking financial information contained in this Prospectus must be considered with caution and reservation. The Company and the Joint Issue Managers, Joint Lead Underwriters and Joint

Bookrunners expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. The Company does not intend to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise, unless material within the purview of the SRC and other applicable laws, the mandate of which is to enforce investor protection. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Investors should not place undue reliance on any forward-looking information. All subsequent written and oral forward-looking statements attributable to either the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by cautionary statements.

Should one or more of the aforementioned uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated, or projected as well as from historical results. Specifically, but without limitation, revenues could decline, costs could increase, and anticipated improvements in performance might not be realized fully or at all. Although the Company believes that the expectations of its management as reflected by forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to be correct. Accordingly, prospective investors are cautioned not to place undue reliance on the forward-looking statements herein.

The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners does not take any responsibility representation, warranty or undertaking in relation to, any such forward-looking statement.

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# TABLE OF CONTENTS


GLOSSARY OF TERMS ..... 15
EXECUTIVE SUMMARY ..... 20
SUMMARY OF THE OFFER ..... 26
SUMMARY OF FINANCIAL INFORMATION ..... 43
RISK FACTORS ..... 46
USE OF PROCEEDS ..... 69
DIVIDENDS AND DIVIDEND POLICY ..... 72
DETERMINATION OF THE OFFER PRICE ..... 74
CAPITALIZATION ..... 75
DILUTION ..... 77
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) AND PLAN OF OPERATION ..... 79
INDUSTRY OVERVIEW ..... 91
BUSINESS ..... 97
BOARD OF DIRECTORS AND SENIOR MANAGEMENT ..... 144
DESCRIPTION OF PROPERTY ..... 156
DESCRIPTION OF THE OFFER SHARES ..... 158
REGULATORY AND ENVIRONMENTAL MATTERS ..... 165
RELATED PARTY TRANSACTIONS ..... 189
THE PHILIPPINE STOCK MARKET ..... 192
PHILIPPINE TAXATION ..... 205
INTEREST OF EXPERTS AND INDEPENDENT COUNSEL ..... 214
PHILIPPINE FOREIGN EXCHANGE AND FOREIGN OWNERSHIP CONTROLS ..... 215
PLAN OF DISTRIBUTION ..... 217
LEGAL AND OTHER MATTERS ..... 223
INDEPENDENT AUDITORS ..... 224
INDEX TO FINANCIAL STATEMENTS ..... 225
INDEPENDENT AUDITORS AND OTHER EXPERTS ..... 226

# GLOSSARY OF TERMS

| | |
|---|---|
| Affiliate | A corporation that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under the common Control of, another corporation |
| Applicant | A person, whether natural or juridical, who seeks to subscribe to the Offer Shares by submitting an Application under the terms and conditions prescribed in this Prospectus |
| Application | An application to subscribe for Offer Shares pursuant to the Offer |
| ALX or Aznar | Aznar Shipping Corp. or the Company |
| Aznar Group or the Group | Aznar Group of Companies, a diversified conglomerate owned by members of the Aznar Family. It has business interests in real estate, mining, security services, and other business ventures in Cebu. |
| Aznar Shipyard | Aznar Shipyard & Ship Repair Shipping and Marine Service Corp., a company registered with the SEC and 99.99%-owned by the Company's President and CEO, Kyle Alexander C. Aznar |
| Business Day | A day (except Saturdays, Sundays and holidays) on which banks in the Philippines are open for business in Metro Manila, Philippines |
| BIR | Bureau of Internal Revenue |
| Board or Board of Directors | The Board of Directors of the Company |
| BSP | Bangko Sentral ng Pilipinas, the central bank of the Philippines |
| CMEPA | Republic Act No. 12214 or the Capital Markets Efficiency Promotion Act |
| CAGR | Compounded Annual Growth Rate |
| Common Shares or Shares | The common shares of the Company, each with a par value of Php0.10 per share |
| COVID-19 | A disease caused by a new strain of coronavirus. Formerly referred to as '2019 novel coronavirus' or '2019-nCoV' |
| CRC | Center for Research and Communication |
| CRC Study | Refers to the Industry Study prepared by CRC |
| CREATE | Corporate Recovery and Tax Incentives for Enterprises Act |
| Depository Agent | Philippine Depository and Trust Group |
| EBASCO | EBASCO or Selling Shareholder |
| Eligible Investors | Applicants who are qualified to subscribe to the Offer Shares |
| Escrow Agent | Philippine National Bank Acting through its Trust Banking Group |
| FIA | Foreign Investments Act of 1991, as amended |
| Firm Offer | The offer and sale by the Company of the Firm Shares |

| | |
|---|---|
| Firm Shares | Up to [1,000,000,000] primary Common Shares each with a par value of Php[0.10] per share |
| GCQ | General Community Quarantine |
| GDP | Gross domestic product, or the monetary value of all the finished goods and services produced within a country's borders, calculated on an annual basis |
| Government | The Government of the Republic of the Philippines |
| IACS | The International Association of Classification Societies, an association of classification societies which establishes, reviews, promotes and develops minimum technical requirements in relation to the design, construction, maintenance and survey of ships and other marine related facilities. |
| ICCP | Investment & Capital Corporation of the Philippines |
| Institutional Offer | The offer for sale of the Institutional Offer Shares to certain qualified buyers and other investors in the Philippines |
| Institutional Offer Shares | At least [700,000,000] Firm Shares being offered pursuant to the Institutional Offer |
| Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners | Investment & Capital Corporation of the Philippines and PNB Capital and Investment Corporation |
| Listing Date | The date on which the listing and trading of the Offer Shares on the PSE begin, expected to be on [December 18, 2026]. |
| LSI | Local Small Investor, a share subscriber who is willing to subscribe to a minimum board lot and whose subscription does not exceed Php 100,000.00 |
| MARINA | Maritime Industry Authority |
| MPO | Minimum public ownership |
| MECQ | Modified Enhanced Community Quarantine |
| NIRC | Philippine National Internal Revenue Code |
| Offer | The offer for subscription of up to 1,000,000,000 Firm Shares and up to [100,000,000] Option Shares to Eligible Investors subject to the terms and conditions in this Prospectus and in the Application at an Offer Price of up to Php[0.67] per share. |
| Offer Period | The period commencing 9:00 a.m. on [December 1, 2026] and ending at 12:00 p.m. on [December 8, 2026] within which the Eligible Investors may subscribe to the Offer Shares |
| Offer Price | Up to Php[0.67] per share |
| Offer Shares | The Firm Shares and the Option Shares |
| Option Share or Shares | Up to [100,000,000] secondary Common Shares each with a par value of Php[0.10] per share that may be offered pursuant to the Overallotment Option |
| Option Proceeds | The proceeds from the sale of the Option Shares pursuant to the full or partial exercise of the Overallotment Option |

| | |
|---|---|
| Overallotment Option | An option granted by the Selling Shareholder to the Stabilizing Agent exercisable not later than the Listing Date to sell the Option Shares to eligible investors at the Offer Price |
| Php or ₱ | Philippine Pesos, the lawful currency of the Republic of the Philippines |
| PCD | The Philippine Central Depository |
| PCD Nominee | The PCD Nominee Corporation, a corporation wholly owned by the PDTC |
| PDS | The Philippine Dealing System |
| PDTC | The Philippine Depository and Trust Corporation, the central securities depositary of, among others, securities listed and traded on the PSE |
| PFRS | Philippine Financial Reporting Standards |
| Philippine Nationals | Pursuant to the FIA, any of the following:<br>• a citizen of the Philippines; or<br>• a domestic partnership or association wholly owned by citizens of the Philippines; or<br>• a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; or<br>• a corporation organized abroad and registered as doing business in the Philippines under the Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or<br>• a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of the Philippine nationals. Where a corporation and its non-Filipino stockholders own stocks in an SEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of both corporations must be owned and held by citizens of the Philippines and at least 60% of the members of the Board of Directors of both corporations must be citizens of the Philippines, in order that the corporations shall be considered a Philippine national.<br><br>Pursuant to SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the FIA and other existing laws, amendments thereto, and implementing rules and regulations of said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both:<br>• the total number of outstanding shares of stock entitled to vote in the election of directors; and<br>• the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors. |
| PNB Capital | PNB Capital and Investment Corporation |
| Primary Offer Shares | The new Common Shares to be issued and offered by the Company pursuant to the Firm Offer |

| | |
|---|---|
| Price Stabilization Period | The period from and including the Listing Date and ending on a date no later than 30 calendar days from and including the Listing Date during which the Stabilizing Agent has an option exercisable in whole or in part for the conduct of stabilization activities |
| Prospectus | This Prospectus together with all its annexes, appendices and amendments |
| PSE | The Philippine Stock Exchange, Inc. |
| PSE Trading Participants | Duly licensed securities brokers who are trading participants of the PSE |
| Qualified Institutional Buyer | Qualified buyers as defined under Rule 10.1(l) of the SRC and Rules 10.1.4 and 10.1.5 of the SRC IRR, as amended, and when applicable, duly qualified by a SEC-registered qualified investor registrar. |
| Receiving Agent | Stock Transfer Service, Inc. |
| Retail Offer | The offer for sale of the Retail Offer Shares to LSIs in the Philippines under the Local Small Investors Program of the PSE |
| Retail Offer Shares | Up to [100,000,000] Firm Shares being offered pursuant to the Retail Offer |
| Revised Corporation Code | Republic Act 11232 or the Revised Corporation Code of the Philippines |
| RoRoPax | A ship with roll-on/roll-off features for the carriage of commercial vehicles and private cars with the provision to accommodate large number of passengers separately |
| RORO Service or Roll-on/Roll-off Services | The service provided by RORO Ships carrying roll-on/roll-off cargoes as well as passengers |
| RORO Ship | Refers to ship designed with a multi-deck hull especially for the roll-on/ roll-off cargoes handling to and from the intended decks by way of door/ ramp situated below the weather deck. |
| SEC | The Philippine Securities and Exchange Commission |
| Selling Agents | Trading Participants of The Philippine Stock Exchange, Inc. |
| Shipping Affiliates | Collectively refers to EBASCO and TSTI, affiliates of the Company in the Aznar Group, which are involved in the Company's shipping operations. |
| SME Board | The Small Medium and Emerging Board of the PSE |
| SRC | Republic Act No. 8799, otherwise known as "The Securities Regulation Code" |
| SRC IRR | The 2015 Implementing Rules and Regulations of the SRC |
| Stabilizing Agent | PNB Securities, Inc. |
| Stock Transfer Agent or Registrar | Stock Transfer Service, Inc. |
| Trading Day | Any day on which trading is allowed in the PSE |
| Trading Participants and Retail Offer | The offer for sale of the Trading Participants and Retail Offer Shares |

| | |
|---|---|
| Trading Participants and Retail Offer Shares | Up to [300,000,000] Firm Shares being offered pursuant to the Trading Participants and Retail Offer |
| Trading Participants Offer | The offer for sale of the Trading Participants Offer Shares to PSE Trading Participants |
| Trading Participants Offer Shares | Up to [200,000,000] Firm Shares being offered pursuant to the Trading Participants Offer |
| TSTI | Tabuelan Shipping Transport, Inc. |
| Underwriting Agreement | The agreement entered into by and between the Company and the Issue Manager, Lead Underwriter, indicating the terms and conditions of the Offer and providing that the Offer shall be fully underwritten by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. |
| VAT | Value Added Tax |

# EXECUTIVE SUMMARY

*The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this Preliminary Prospectus, including the Company's audited financial statements and the related notes included elsewhere in this Preliminary Prospectus. Prospective investors should read this entire Preliminary Prospectus fully and carefully, including the section on "Risk Factors". In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail. Capitalized terms not defined in this summary are defined in the "Glossary of Terms," "Risk Factors," "Business" or elsewhere in this Preliminary Prospectus.*

**Company Overview**

Aznar Shipping Corp. ("**ALX**" or the "**Company**" or the "**Issuer**"), is a Cebu-based domestic shipping company founded by Atty. Alexander S. Aznar. The Company was registered with the Securities and Exchange Commission on January 22, 2016 as "Guardians Four Aces Shipping Corporation", with primary purpose to own and operate ships and/or motor vessels for carriage of passengers and cargoes which includes hauling of coal, ore, sand, gravel, and other kinds of shipments to and from any port of entry within the jurisdiction of the Philippine waters, 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 in such of transportation business, and to engage in ship management business. On March 3, 2026, the SEC approved the change in its corporate name to "Aznar Shipping Corp.". The Company operates an inter-island sea transport network across the Visayas, deriving its primary business from the transport of cargo and rolling vehicles, while also providing passenger transport services through certain vessels equipped to accommodate travelers.

ALX serves as the flagship company of the Aznar Group of Companies (the "**Aznar Group**" or "**Group**"), a diversified conglomerate with a longstanding presence in the Visayas region and a track record of over three (3) decades in the shipping industry. In addition to shipping operations, the Aznar Group has diversified interests in real estate, mining, security services, and other business ventures in Cebu. Supported by the Aznar Group's long-standing involvement in the shipping industry, the Company has expanded its route network and operational footprint in the Visayas.

Building on the Aznar Group's maritime heritage, ALX commenced commercial shipping operations in early 2016 and has strategically focused on cargo transportation on short-haul inter-island routes across the Visayas region, with Cebu serving as its central hub. The Company provides an essential maritime transportation link for logistics providers, distributors, construction firms, bus operators, individual travelers, and local communities, facilitating the efficient movement of goods and people across its service network.

As of the date of this Prospectus, the Company provides sea transportation services through the following business lines:

1. **Rolling cargo and vehicle transport** - The Company's roll-on/roll-of ("**RoRo**") vessels carry trucks, tractors, buses, private vehicles, motorcycles, heavy equipment, and other types of rolling cargo. Such cargo is driven directly onto and off the vessels through built-in ramps, enabling faster loading and unloading operations and reducing the need for conventional cargo-handling equipment, arrastre and stevedoring services, warehouse storage, and multiple transfers between land and sea transportation. This service provides a cost-efficient and reliable means of transporting cargo and vehicles between islands, supporting supply chains and commercial activity within the Company's service areas. This segment continues to be the Company's core revenue driver, accounting for 88.87%, 91.79%, 90.71%, and 86% of total revenues in the financial year ended December 31, 2023, 2024, 2025, and six (6) months ending June 30, 2026, respectively. As of the date of this Prospectus, all vessels of the Company have the capacity to service rolling cargo and vehicles.

2. **Passenger transport** - The Company provides passenger transportation services through its roll-on/roll-off passenger vessels ("**RoRoPax**"), which are designed to accommodate both passengers and rolling cargo on the same voyage. Passengers include travelers accompanying buses, motorcycles and private vehicles transported on the Company's

RoroPax vessels, as well as walk-in passengers travelling for business, employment, personal or leisure purposes. Passenger services complement the Company's cargo operations, enhance vessel utilization, and support tourism, regional connectivity, and community mobility across the Visayas. This segment accounts for 11.13%, 8.21%, 9.29%, and 14.37% of the Company's total revenues in the financial year ended December 31, 2023, 2024, 2025, and six (6) months ending June 30, 2026, respectively. As of the date of this Prospectus, the Company has [six (6)] vessels capable to service passenger transport.

Beyond serving rolling cargoes and passengers, Aznar's vessels are also relied upon by major logistics companies that depend on short-distance sea transport to move goods efficiently between islands in the region. By serving a diverse customer profile that includes logistics providers, individual travelers, and businesses, Aznar balances its revenue streams, maximizes fleet utilization, and remains resilient to market changes. This broad base also supports the Company's continued growth through added capacity, new routes, and additional ports of call.

As of the date of this Prospectus, the Company owns ten (10) operating vessels, composed of four (4) RoRo vessels and six (6) RoRoPax vessels. The fleet serves short-haul inter-island routes and is compatible with the feeder port infrastructure in the Visayas Region.

The following are the details of the Company's vessels:

| Vessel Name | Year built | Date of Last Drydocking | Gross Tonnage | Type | Year acquired |
|---|---|---|---|---|---|
| 1. Manoling 1 | 2016 | March 2026 | 795 | ROROPax | 2016 |
| 2. Manoling 3 | 2020 | September 2025 | 1598 | RORO | 2021 |
| 3. Manoling 5 | 2017 | August 2026 | 1647 | RORO | 2023 |
| 4. Manoling 6 | 2025 | Brand new vessel | 2,337 | RORO | 2025 |
| 5. Alexander 1 | 2025 | Brand new vessel | 2,179 | ROROPax | 2025 |
| 6. Manoling 7 | 2026 | Brand new vessel | 2,337 | RORO | 2026 |
| 7. Manoling 2 | 2016 | October 2025 | 616 | ROROPax | 2026 |
| 8. Melrivic 2 | 1975 | April 2024 | 334 | ROROPax | 2026 |
| 9. Melrivic 1 | 1967 (rebuilt in 2011) | October 2024 | 321 | ROROPax | 2026 |
| 10. Melrivic 7 | 1965 (rebuilt 1997) | June 2025 | 506 | ROROPax | 2026 |

The Company commenced vessel chartering services this year, as a complementary business line to its core cargo and passenger transportation operations. As part of the Aznar Group's fleet rationalization strategy, the Company acquired Melrivic 1, 2, and 7 and Manoling 2 from E.B. Aznar Shipping Co. ("**EBASCO**") and Tabuelan Shipping Transport, Inc. ("**TSTI**") (EBASCO and TSTI to be referred collectively as "**Shipping Affiliates**"), and subsequently charter these vessels back to such Shipping Affiliates.

As of the date of this Prospectus, Aznar Group's fleet serves five (5) major inter-island routes connecting, Cebu, Leyte, Panay, and Negros Occidental provinces, with regular port calls at ten (10) ports. The details of the Aznar Group's routes are summarized below:

| Route | Ports of Call | | Distance in Nautical Miles | Average Travel Time Per Way (In Hours) | Servicing Vessels |
|---|---|---|---|---|---|
| 1. Tabuelan v.v. Escalante | Port of Tabuelan (Tabuelan, Cebu) | Danao Port (Escalante City, Negros Occidental) | 20 | 2.50 | Manoling 5/ Manoling 6/ Manoling 3 |
| 2. Danao v.v. Isabel | Republic Drydock Port (Danao City, Cebu) | Pingag Port (Isabel, Leyte) | 36 | 3.00 | Manoling 2/ Alexander 1 |
| 3. Bogo v.v. Palompon | Polambato Port (Bogo, Cebu) | Port of Palompon (Palompon, Leyte) | 25 | 2.50 | Melrivic 1/ Melrivic 7 |
| 4. Medellin (Kawit) v.v. Bantayan (Santa Fe) | Port of Kawit (Medellin, Cebu) | Santa Fe Port (Bantayan Island, Cebu) | 9 | 1.00 | Melrivic 1/ Melrivic 2/ Melrivic 7 |
| 5. Bacolod v.v. Dumangas | [BREDCO Port (Bacolod City)][1] | Port of Dumangas (Dumangas, Iloilo)] | 16 | 2.00 | Manoling 7/ Manoling 1 |

**Manoling 2, and Melrivics 1, 2 and 7 vessels are chartered by the Shipping Affiliates from ALX.*

The Company's revenues were Php59.14 million, Php219.3 million, and Php223.9 million for the years ended December 31, 2023, 2024, and 2025, respectively, and Php211.0 million for the period ended June 30, 2026. while EBITDA figures stood at Php 11.6 million, Php 99.5 million, Php 121.2 million, and Php103.1 million, respectively.

The Company intends to expand its service network through acquisition of additional vessels, routes, and port calls within the Visayas Region to strengthen connectivity and regional reach. The study prepared by the Center for Research and Communication (the "**CRC Study**") identifies the Visayas Region as a critical hub for domestic cargo, with Cebu and other major ports serving as vital links between the Luzon and Mindanao trade corridors. Based on 2022–2025 port statistics presented by CRC, ports in the Visayas, including those administered by the Cebu Port Authority, accounted for approximately 35% of national cargo throughput, 60% of passenger traffic and 49% of RoRo vehicle movements, and for more than half of all shipcalls nationwide. CRC projects Visayas RoRo traffic to grow at an average rate of approximately 12.9% through 2028, outpacing the projected national RoRo growth rate of approximately 10.7%, and to reach approximately 10.3 million vehicles by 2028, an increase of approximately 44% from 2025 levels. The Company is taking advantage of this strong industry growth, positioning itself to meet rising demand and strengthen its role in inter-island connectivity and trade.

**Shipping Affiliates**

As of the date of this Prospectus, the Company's affiliates within the Group that are involved in its shipping operations are as follows:

- ***E.B. Aznar Shipping Co. ("EBASCO")***

  EBASCO was incorporated on December 11, 1992. Its primary purpose is to operate ships and/or motor vessels for carriage of passenger and cargo to and from any port of entry within the jurisdiction of the Philippines. As of the date of this Prospectus, EBASCO is duly registered with the SEC.

[1]BREDCO Port is estimated to commence operations within September 2026.

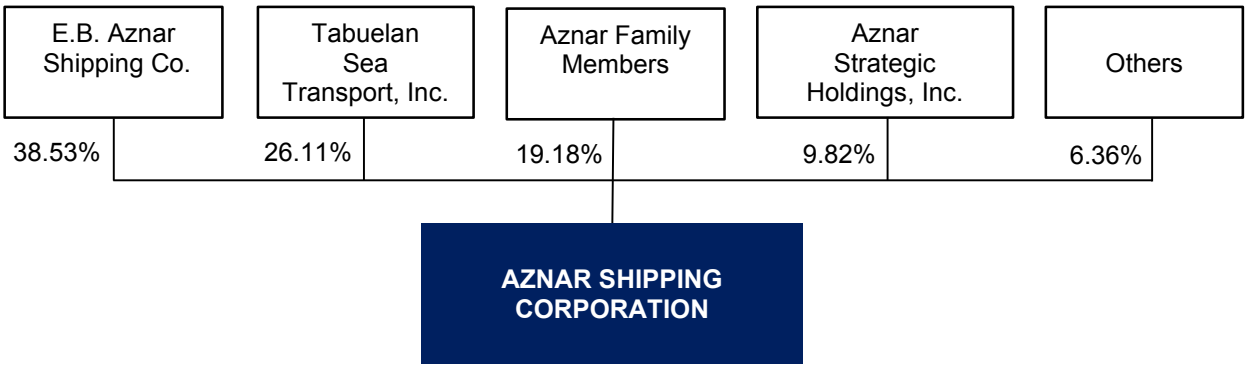
- ***Tabuelan Sea Transport, Inc. ("TSTI")***

  TSTI was incorporated on July 19, 2016. Its primary purpose is to operate ships and/or motor vessels for carriage of passenger and cargo to and from any port of entry within the jurisdiction of the Philippines, and to engage in the ship management business. As of the date of this Prospectus, TSTI is duly registered with the SEC.

While not an affiliate, Aznar Shipyard is a member of the Aznar Group that, when operational, is expected to play a crucial role in the Company's shipping operations by providing repair, maintenance and drydocking operations.

Aznar Shipyard was incorporated on October 31, 2025. Its primary purpose is to act as general agent on behalf of its clients to handle cargo operations, husbandry matters, bunkering, dry dockings, new ship buildings, Sales and Purchase, Ship Pollution Response Organization, and ship supplies. As of the date of this prospectus, Aznar Shipyard is not yet operational.

The conglomerate map of the Company prior to IPO Listing is indicated as follows:




**Competitive Strengths**

The Company considers the following as its competitive strengths:

- Solid track record and established reputation in the Visayas shipping industry
- Reliable service and on-time voyages
- Ability to operate on feeder routes
- Sizable ship fleet with an IACS-classified vessel
- Online and onsite ticketing facility
- Cadet development program supporting workforce sustainability

A more detailed discussion of the Company's competitive strengths can be found in the "*Business – Competitive Strengths"* section of this Prospectus.

**Plans and Prospects**

The Company is looking to achieve inter-island connectivity in the Visayas region. In order to pursue this, Aznar will implement the following:

- Expand vessel fleet and service routes
- Develop of own drydocking and ship repair facilities
- Pursue vessel chartering services

A more detailed discussion of these plans and prospects can be found in the "*Business – Plans and Prospects"* section of this Prospectus.

**Key Strategies**

In order to achieve the Company's plans and prospects, the Company will pursue the following strategies:

- Acquire new IACS-classified vessels
- Continue strategic focus on short-haul inter-island routes
- Explore potential vessel acquisition opportunities

A more detailed discussion is provided in the *"Business – Key Strategies"* section of this Prospectus.

**Risks of Investing**

Before making an investment decision, investors are advised to carefully consider all the information contained in this Prospectus, including the following key points characterizing the potential risks associated with an investment in the Offer Shares. These include risks arising from the nature of the Company and its business, risks relating to the economic and political environment in the Philippines, and risks relating to the Offer Shares. Please refer to the Risk Factors for a discussion, which, while not meant to be exhaustive, should be considered in connection with an investment in the Offer Shares.

**Corporate Information**

The Company's principal office is at 2nd Floor, Manoling 2 Building, V. Gullas St., San Roque, Cebu City, Cebu, Philippines. The Company's website is www.aznarshipping.ph.

**Investor Relations Office**

The Investor Relations Office will implement the investor relations program in order to reach out to all shareholders and keep them informed of corporate activities. The office will also handle communication of relevant information to the Company's stakeholders as well as to the broader investor community. The Investor Relations Office will also be responsible for receiving and responding to investor and shareholder queries relating to the Company.

The Investor Relations Officer ("**IRO**") will ensure that the Company complies with and files on a timely basis all required disclosures and continuing requirements of the SEC and the PSE. In addition, the IRO will oversee most aspects of the shareholder meetings, press conferences, investor briefings, and management of the investor relations portion of the Company's website, which will contain information, including but not limited to:

- Company information (organizational structure, board of directors, and management team);
- Company news (analyst briefing report, press releases, latest news, newsletters (if any));
- Financial report (annual and quarterly reports for the past two years);
- Disclosures;
- Investor FAQs;
- Investor contact (e-mail address and phone numbers for feedback/comments, shareholder assistance and service); and
- Stock information.

The Investor Relations Office will be located in the principal place of business of the Company with contact details as follows:

- Investor Relations Officer: Cherry Ane Segundino
- Address: 2nd Floor, Manoling 2 Building, V. Gullas St., San Roque, Cebu City, Cebu, Philippines
- Tel. No: +63 917 680 0599 | +63322344627
- Email: investorrelations@aznarshipping.ph
- Website: www.aznarshipping.ph

# SUMMARY OF THE OFFER

*The following does not purport to be a complete listing of all rights, obligations and privileges attaching to or arising from the Offer Shares. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to perform their own independent investigation and analysis of the Company and the Offer Shares. Each prospective investor must rely on its own appraisal of the Company and the Offer Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Shares and must not rely solely on any statement or the significance, adequacy, accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis.*

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| Issuer | Aznar Shipping Corp.<br>("**Aznar**", the "**Company**", or the "**Issuer**") |
| Stock Symbol | ALX |
| Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners | Investment & Capital Corporation of the Philippines and PNB Capital and Investment Corporation |
| Financial Advisor | Straton Management OPC |
| Selling Agents | PSE Trading Participants |
| Stock Transfer Agent | Stock Transfer Service, Inc. |
| Receiving Agent | Stock Transfer Service, Inc. |
| Escrow Agent | Philippine National Bank Acting through its Trust Banking Group |
| Stabilizing Agent | PNB Securities, Inc. |
| Independent Auditor | MOORE Roxas Tabamo & Co. |
| Legal Counsel to the Issuer | Martinez Vergara & Gonzalez Sociedad |
| Legal Counsel to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners | Picazo Buyco Tan Fider Santos & Dee |
| The Offer / Offer Shares | Offer and sale of up to 1,000,000,000 Firm Shares and up to 100,000,000 Option Shares pursuant to the Over-allotment Option. |
| Plan of Distribution | Up to 700,000,000 Firm Shares (or 70% of the Firm Shares) are being allocated to qualified institutional buyers ("**QIBs**") and the general public in the Philippines at the Offer Price.<br><br>Up to 200,000,000 Firm Shares (or 20% of the Firm Shares) are being allocated to all of the PSE Trading Participants. Each PSE Trading Participant shall initially be allocated [●] Firm Shares and subject to reallocation as may be determined by the PSE. Based on the initial allocation for each trading participant, there will be no residual Firm Shares to be allocated as may be determined by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. |

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| | In compliance with Annexes A and B of PSE Memorandum No. 2024-0024 ("**Local Small Investors Guidelines**"), 10% of the Firm Offer or 100,000,000 Firm Shares (or 10% of the Firm Shares) are being offered to Local Small Investors at the Offer Price through the PSE Electronic Allocation System or PSE EASy. A Local Small Investor ("**LSI**") is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed Php 100,000.00. In the case of this Offer, the minimum subscription of LSIs shall be [15,000] common shares or Php[10,050.00], while the maximum subscription shall be [149,000] or Php[99,829.82]. There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Joint Lead Underwriters shall prioritize the subscriptions of small investors with amounts lower than the maximum subscription. In the event that the total demand for the Retail Offer Shares is five times or more than the initial allocation of [150,000,000] Offer Shares, the Retail Offer Shares shall be increased by an additional five percent (5%) from the initial LSI tranche. In the event that the total demand for the Retail Offer Shares exceeds the maximum increased allocation of fifteen percent (15%) under the clawback mechanism, the Underwriter shall allocate the shares by balloting.<br><br>Offer Shares not taken up by the PSE Trading Participants or the LSIs shall be distributed by the Joint Lead Underwriters to their respective clients or to the general public. Offer Shares not taken up by the QIBs, PSE Trading Participants and the LSIs, the Lead Underwriter's clients, or the general public shall be purchased by the Lead Underwriter, on a firm commitment basis, pursuant to the terms and conditions of the Underwriting Agreement. |
| Offer Price | Up to Php[0.67] per Offer Share. The Offer Price shall be determined through a book-building process and discussions between the Company and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. |
| Overallotment Option | Subject to the approval of the SEC, the Selling Shareholder has granted the Stabilizing Agent, an option, exercisable in whole or in part, to purchase the Option Shares to be sold by the Selling Shareholder at the Offer Price, on the same terms and conditions as the Firm Shares as set out in this Prospectus, to cover over-allotments, if any. The Over-allotment Option is exercisable for a period beginning on the Listing Date and ending on a date no later than 30 calendar days from and including the Listing Date. |

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| Offer Period | The Offer Period shall commence at 9:00 am., Manila time on [December 1, 2026] and end at 12:00 noon, Manila time on [December 8, 2026]. The Company and the Joint Lead Underwriters reserve the right to extend or terminate the Offer Period, subject to the prior approval of the SEC and the PSE.<br><br>Applications must be received by the Receiving Agent not later than 12:00 noon Manila Time on [December 8, 2026], whether filed through a participating Selling Agent or through PSE EASy for LSI applications or filed directly with the Lead Underwriter. Applications received thereafter or without the required documents will be rejected.<br><br>Applications shall be considered irrevocable upon submission to a participating Selling Agent or PSE EASy or the Lead Underwriter, and shall be subject to the terms and conditions of the Offer as stated in the Prospectus and in the application. The actual purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE and upon the obligations of the Joint Lead Underwriters under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled on or before the Listing Date in accordance with the provisions of such agreement. |
| Price Stabilization | The Option Proceeds may be used by the Stabilizing Agent to effect price stabilization transactions by purchasing Common Shares in the open market for a period not exceeding thirty (30) calendar days from and including the Listing Date ("Price Stabilization Period"), with a view to supporting the market price of the Common Shares at a level higher than that which might otherwise prevail during such period. The Stabilizing Agent may purchase shares in the open market only if the market price of the shares falls below the final Offer Price and only to the extent of the Stabilization Shares. The Stabilizing Agent may conduct stabilization activities until the Option Proceeds are exhausted, subject to compliance with all applicable laws and regulation. The Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. In the event that the Stabilizing Agent does not conduct stabilization activities, the Stabilizing Agent shall deliver to the Selling Shareholder the Option Proceeds. There is also no assurance that the price of the Common Shares will not decline significantly before or after any such stabilizing activities end. See "Plan of Distribution – The Over-Allotment Option and Stabilization Activities" on page [221] of the Prospectus. |
| Eligible Investors and Restrictions on Ownership | The Offer Shares may be purchased by any natural person of legal age regardless of nationality, or any corporation, association, partnership, trust account, fund or entity, regardless of nationality, but subject to limits under Philippine law and the restrictions set out in the Prospectus, and without prejudice to the right of the Company to reject an application, including the right to reject if the subscription or purchase will cause the Company to be in breach of the Philippine ownership requirements under relevant Philippine laws, or of other applicable laws.<br><br>Purchase of the Offer Shares in certain jurisdictions may be restricted by law. |

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| | Foreign investors interested in purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares. |
| Use of Proceeds | The Company intends to use the net proceeds from the Primary Offer for capital expenditures for fleet expansion, shipyard facility development, and general corporate purposes. See the "Use of Proceeds" section of the Prospectus for details of how the total net proceeds are expected to be applied. |
| Minimum Subscription and Board Lot | Each application must be for a minimum of [15,000] Offer Shares, and thereafter, in multiples of [1,000] Offer Shares. Applications for multiples of any other number of Common Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion. |
| Lock-up | The PSE Consolidated Listing and Disclosure Rules (the "**PSE Listing Rules**") require an applicant company for the SME Board to cause the Company's existing non-public stockholders and their related parties to refrain from selling, assigning, encumbering or in any manner disposing of their shares for a period of one (1) year after the listing of such shares.<br><br>For purposes of this section, "non-public stockholders" shall mean the Company's: (i) principal stockholders (*i.e.*, the owner of 10% or more of the issued and outstanding shares); (ii) subsidiaries or affiliates; (iii) directors; (iv) principal officers; and (v) any other person who has substantial influence on how the Company is being managed. On the other hand, the term "related parties" shall mean the non-public stockholder's: (i) principal stockholders (*i.e.*, the owner of 10% or more of the issued and outstanding shares); (ii) subsidiaries or affiliates; (iii) directors; (iv) principal officers; and (v) members of the immediate families sharing the same household of any of its principal stockholders, directors, or principal officers.<br><br>In accordance with the foregoing, the Common Shares held by the following shareholders will be subject to the one (1) year lock-up requirement: |

| SHAREHOLDER | NO. OF COMMON SHARES HELD SUBJECT OF THE 180-DAY LOCK UP PERIOD |
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| E.B. Aznar Shipping Corp. | 900,270,000 |
| Tabuelan Sea Transport Inc. | 677,882,730 |
| Aznar Strategic Holdings, Inc. | 255,000,000 |
| Zoraida C. Aznar | 120,723,660 |
| Ma. Theresa S. Aznar | 120,723,660 |
| Jocelyn Cecilia A. Beane | 120,723,660 |
| Hydie M. Vargas | 85,000,000 |
| Kyle Alexander C. Aznar | 75,360,340 |
| Katrina Elizabeth C. Aznar | 60,361,840 |
| Raul Justino M. Cabatingan | 20,001,500 |
| Virgilio Brigido G. Espeleta | 20,001,500 |
| Segismundo F. Exaltacion, Jr. | 20,001,500 |
| Ferdinand C. Vargas | 20,001,500 |
| Euney Marie J. Mata-Perez | 1,500 |
| Felix Taguiam | 1,500 |
| **TOTAL** | **2,496,054,890*** |

**This is assuming that the Over-allotment Option is fully exercised. If the Over-allotment Option is not exercised, the number of shares subject to the lock-up is [2,596,054,890] Common Shares.*

Additionally, if there is any issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which leads to an issuance or transfer of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within one hundred eighty (180) days prior to the start of the Offering Period, or prior to the listing date, in the case of listing by way of introduction, and the transaction price is lower than that of the offer price in the initial public offering or than that of the listing price in the case of listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least three hundred sixty-five (365) days from the listing of the aforesaid shares.

In accordance with the foregoing, the Common Shares held by the following shareholders will be subject to the 365-day lock-up requirement:

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| | <table><tr><th>SHAREHOLDER</th><th>NO. OF COMMON SHARES HELD SUBJECT OF THE 365-DAY LOCK UP PERIOD</th></tr><tr><td>E.B. Aznar Shipping Corp.</td><td>900,270,000</td></tr><tr><td>Tabuelan Sea Transport Inc.</td><td>677,882,730</td></tr><tr><td>Aznar Strategic Holdings, Inc.</td><td>255,000,000</td></tr><tr><td>Zoraida C. Aznar</td><td>120,723,660</td></tr><tr><td>Ma. Theresa S. Aznar</td><td>120,723,660</td></tr><tr><td>Jocelyn Cecilia A. Beane</td><td>120,723,660</td></tr><tr><td>Hydie M. Vargas</td><td>85,000,000</td></tr><tr><td>Kyle Alexander C. Aznar</td><td>75,360,340</td></tr><tr><td>Katrina Elizabeth C. Aznar</td><td>60,361,840</td></tr><tr><td>Raul Justino M. Cabatingan</td><td>20,001,500</td></tr><tr><td>Virgilio Brigido G. Espeleta</td><td>20,001,500</td></tr><tr><td>Segismundo F. Exaltacion, Jr.</td><td>20,001,500</td></tr><tr><td>Ferdinand C. Vargas</td><td>20,001,500</td></tr><tr><td>Euney Marie J. Mata-Perez</td><td>1,500</td></tr><tr><td>Felix Taguiam</td><td>1,500</td></tr><tr><td>TOTAL</td><td>2,496,054,890*</td></tr></table><br>**This is assuming that the Over-allotment Option is fully exercised. If the Over-allotment Option is not exercised, the number of shares subject to the lock-up is [2,596,054,890] Common Shares.*<br><br>To implement the foregoing lock-up requirements, the PSE requires the applicant company to lodge the locked-up shares with the PDTC through a Philippine Central Depository ("PCD") participant for the electronic lock-up of the shares or enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution. |
| Registration, Listing and Trading | The Company has filed an application with the SEC for the registration and an application with the PSE for the listing of all its issued and outstanding stock (including the Offer Shares). The SEC is expected to issue an Order of Effectivity and Permit to Sell on or about [●] and the PSE approved the listing application on [●], subject to compliance with certain listing conditions.<br><br>All of the Offer Shares are expected to be listed on the SME Board of the PSE on [December 18, 2026], under the stock symbol "**ALX**". Trading of the Offer Shares that are not subject to lock up is expected to commence on [December 18, 2026]. |
| Dividends and Dividend Policy | Each holder of Common Shares will be entitled to such dividends as may be declared by the Company's Board of Directors, provided that any share dividends declaration requires the approval of shareholders holding at least two-thirds of its total "outstanding capital stock."<br><br>Republic Act No. 11232 or the Revised Corporation Code of the Philippines (the "**Revised Corporation Code**") has defined "outstanding capital stock" as the total shares of stock issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except for treasury shares. |

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| | The Company has approved a dividend policy of maintaining an annual dividend payout of up to 30% of its net income from the preceding year, subject to the requirements of applicable laws and regulations, the terms and conditions of any of its outstanding debt facilities, and the absence of circumstances that may restrict the payment of such dividends, such as where the Company undertakes major projects and developments. The Company's Board may, at any time, modify the dividend policy depending upon the Company's capital expenditure plans and/or any terms of financing facilities entered into to fund its current and future operations and projects. The Company can give no assurance that it will pay any dividends in the future. See the "Dividends and Dividend Policy" section of the Prospectus for more discussion. |
| Form, Title and Registration of the Offer Shares | The Offer Shares are required to be lodged with the PDTC. The applicant must provide the information required for the PDTC lodgment of the Offer Shares. The Offer Shares will be ready for lodgment with the PDTC at least three (3) Trading Days prior to the Listing Date, and a certification to that effect shall be submitted by the Company to the PSE at least three (3) Trading Days prior to the Listing Date. The Offer Shares will be lodged with the PDTC on the Listing Date.<br><br>After Listing Date, shareholders may request the Registrar, through their respective nominated PSE Trading Participants, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name, or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.<br><br>Legal title to the Offer Shares will be shown in an electronic register of shareholders ("**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the Company's cost) at least once every year a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any costs and expenses with respect to the request by shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting shareholder. |

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| Restrictions on Ownership | The Offer Shares will be in scripless form and may be purchased by any person, association, partnership, or trust, regardless of citizenship or nationality, subject to the nationality limits under Philippine law. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in nationalized or partly nationalized activities. The Company does not own land; thus, it is currently not subject to any foreign ownership limits. For more information relating to restrictions on the ownership of the Shares, please see the "Description of the Shares" section and the "Philippine Foreign Exchange and Foreign Ownership Controls" section of this Prospectus. |
| Registration of Foreign Investments | The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP only if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the Philippine banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See the "Philippine Foreign Exchange and Foreign Ownership Controls" section of this Prospectus. |
| Tax Considerations | See the "Philippine Taxation" section of this Prospectus for further information on the Philippine tax consequences of the purchase, ownership and disposal of the Offer Shares. |
| Procedure for Application | For PSE Trading Participants ("**TPs**")<br><br>Application forms to purchase and signature cards will be provided to the TPs by the Lead Underwriter. Application forms will also be made available for download on the Company website.<br><br>Applicants shall complete the application form, indicating all pertinent information such as the applicant's name, address, taxpayer's identification number, citizenship, and all other information as may be required in the application form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of Offer Shares. Failure to complete the application form may result in the rejection of the application.<br><br>Applications must be received by the Receiving Agent not later than 12:00 p.m. on [December 18, 2026]. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to a PSE Trading Participant, and shall be subject to the terms and conditions of the Offer as stated in the Prospectus and in the application. The actual purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE and upon the obligations of the Joint Lead Underwriters under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled on or before the Listing Date in accordance with the provisions of such agreement.<br><br>If the applicant is a corporation, partnership or trust account, the application must be accompanied by the following documents: |

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| | 1. A certified true copy of the applicant's latest articles of incorporation and by-laws (or articles of partnership in the case of a partnership) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or managing partner in the case of a partnership);<br>2. A certified true copy of the applicant's SEC certificate of registration or certificate of filing amended articles of incorporation or by-laws, as the case may be, duly certified by its corporate secretary (or managing partner in the case of a partnership); and<br>3. A duly notarized corporate secretary's certificate (or certificate of the managing partner in the case of a partnership) setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Offer Shares indicated in the application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying the percentage of the applicant's capital or capital stock held by Philippine Nationals.<br><br>Foreign corporate and institutional applicants who qualify as Eligible Investors, in addition to the documents listed above, are required to submit, in quadruplicate, a representation, and warranty stating that their purchase of the Offer Shares to which their application relates will not violate the laws of their jurisdictions of incorporation or organization, and that they are allowed, under such laws, to acquire, purchase and hold the Offer Shares.<br><br>An application should be submitted in quadruplicate (four (4) copies, one (1) of which shall be returned to the applicant) and accompanied by the following documents (complete):<br><br>1. Duly accomplished Applications submitted in quadruplicate (4 copies), one (1) of which will be returned to the TP;<br>2. The required attachments as enumerated in the Applications;<br>3. Two (2) specimen signature cards fully completed and signed by the applicant's designated signatories, and certified by its corporate secretary (or equivalent officer);<br>4. Four (4) hard copies of the Sales Report duly certified by the representative authorized of the TPs; and<br>5. A soft copy of the accomplished Sales Report must be sent to Stock Transfer Service, Inc. and alxipo@stocktransfer.com.ph with subject "AZNAR IPO Sales Report".<br><br>This should be read in conjunction with the Offer Implementing Guidelines which will be published on the PSE EDGE website prior to the start of the Trading Participants and Retail Offer. |

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| | **For Local Small Investors**<br><br>LSI applications to subscribe for the Offer Shares must be done online through PSE EASy. The system will generate a reference number and payment instructions. Application to subscribe for the Offer Shares must be completed and settled by 12:00 p.m., Manila time, on [December 18, 2026].<br><br>Further information about the Company, details about the Offer, instructions for subscribing through PSE EASy, payment terms, and the list of the PSE Trading Participants where LSI applicants may open trading accounts for the lodgment of the LSI applicant's shares will be made available in the Offer Implementing Guidelines which will be published on the PSE EDGE website prior to the start of the Trading Participant and Retail Offer.<br><br>Note that LSI applications will be processed on a first-come, first-served basis; while the final allocation of Offer Shares will be determined pursuant to allocation mechanics wherein fully paid allocations will be allotted in ascending order (i.e. from the lowest to highest) and upon the Receiving Agent's validation or confirmation of complete payment of the purchased Retail Offer Shares.<br><br>This section should be read in conjunction with the Offer Implementing Guidelines which will be published on the PSE EDGE website. |
| Payment Terms for the Trading Participants and Retail Offer | The purchase price must be paid in full in Philippine Pesos upon the submission of the duly completed and signed application form and signature cards together with the requisite attachments. Any and all bank charges, remittance fees, and all relative charges and fees shall be for the account of the applicant.<br><br>For the Trading Participants Offer, payment for the Offer Shares shall be made through (i) over-the-counter cash or check deposit payment in any BDO branch via Bills Payment under the merchant account "AZNAR IPO"; (ii) online payment via PNB Bills Payment, with "AZNAR IPO" as the merchant's name through online banking or mobile banking; or (iii) any other mode of payment prescribed by the Receiving Agent.<br><br>For LSIs, payment for the Offer Shares shall be made either by: (i) over-the-counter cash or check deposit payment in any PNB branch via Bills Payment under the merchant account "AZNAR IPO", (ii) online payment via BDO Bills Payment with "AZNAR IPO" as the merchant's name through online banking or mobile banking, or (iii) online payment via DragonPay through PSE EASy. LSI applicants may contact the Receiving Agent for alternative modes of payment. For LSI Applicants with PNB Securities, Inc. as the nominated PSE Trading Participant, please refer to the LSI Guidelines for instructions. |

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| | For check payments, only personal or corporate checks, and manager's or cashier's checks with a clearing period of not more than one (1) Business Day and drawn against any BSP authorized agent bank will be accepted as a valid mode of payment. The check must be dated as of the date of submission of the Application, made payable to "ALX IPO", and crossed "Payee's Account Only". Checks subject to clearing periods of over one (1) Business Day shall not be accepted.<br><br>As applicable, the applications and required documents (including proofs of payment) shall be transmitted to the Receiving Agent via email at alxipo@stocktransfer.com.ph on or before the end of the Offer Period, with the physical copies delivered to the Receiving Agent's address at 34th Floor, Unit-D, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City no later than 12:00 noon, five (5) Business Days after the end of the Offer Period.<br><br>For more details on the procedures for the application to the Offer, please refer to the Company's LSI Guidelines and TP Guidelines which will be published on the PSE EDGE website prior to the start of the Offer Period. |
| Acceptance/ Rejection of Applications | Application forms are subject to confirmation by the Joint Lead Underwriters and final approval of the Company. The Company, together with the Selling Shareholder, Lead Underwriter, reserve the right to accept, reject or scale down the number and amount of Offer Shares covered by any application. The Company, together with the Selling Shareholder, the Sole Issue Manager and Lead Underwriter, and Sole Bookrunner have the right to reallocate available Offer Shares in the event that the Offer Shares are insufficient to satisfy the total applications received.<br><br>The Offer Shares will be allotted in such a manner as the Company, Joint Lead Underwriters may, in their sole discretion, deem appropriate, subject to distribution guidelines of the PSE. Applications with checks dishonored upon first presentation and Application forms which do not comply with terms of the Offer will be automatically rejected. Notwithstanding the acceptance of any Application form, the actual issuance of the Offer Shares by the applicant will be effective only upon the listing of the Offer Shares at the PSE. |

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| Withdrawal of the Offer | The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PSE.<br><br>The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to the Listing Date, if any of the following events occurs, in which case the Underwriting Agreement shall be deemed terminated, namely:<br><br>a. (i) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or (ii) occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or (iii) occurrence of any change in local, national or international financial, political, economic or stock market conditions, any of which renders it impracticable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the PSE Notice of Approval, the SEC Order of Registration, or the SEC Permit to Sell Securities (the "**Approvals**") and by this Prospectus, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it, in the reasonable determination of the Joint Lead Underwriters and Joint Bookrunners, after consultation with the Issuer, impracticable to proceed with the Offer in the manner contemplated by the Approvals and this Prospectus, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Issuer's or Joint Lead Underwriters and Joint Bookrunners' inability to sell or market the Offer Shares.<br><br>b. An order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution, listing or issuance of the Offer Shares by any court or Governmental Authority (as defined under the section on "*Plan of Distribution – Withdrawal of the Offer" of this Prospectus)* having jurisdiction on the matter, including the SEC and the PSE;<br><br>c. Suspension, cancellation, revocation, or termination of the Approvals;<br><br>d. Trading in the PSE is closed or suspended for at least three (3) consecutive Trading Days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by the PSE; |

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| | e. There is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order issued, made, or adopted by any Governmental Authority (as defined under the section on "*Plan of Distribution – Withdrawal of the Offer" of this Prospectus)* which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer; (c) any of the features of the Offer Shares, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by any of the Joint Lead Underwriters and Joint Bookrunners of their respective obligations hereunder;<br><br>f. Any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;<br><br>g. The Issuer decides to or is compelled through an official order, decree, or ruling issued by any competent court or Governmental Authority (as defined under the section on "*Plan of Distribution – Withdrawal of the Offer" of this Prospectus)* to stop its operations, which is not remedied within five (5) Business Days from receipt by the Issuer of a formal notice of such decision by such competent court or Governmental Authority (as the case may be);<br><br>h. The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing; |

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| | i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;<br><br>j. The commencement or the threatened commencement in writing by any entity, person or regulatory body of any court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and Joint Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Shares or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;<br><br>k. Any court, arbitral tribunal, or Governmental Authority (as defined under the section on "*Plan of Distribution – Withdrawal of the Offer" of this Prospectus)* which has jurisdiction on the matter issues an order restraining or prohibiting the Joint Lead Underwriters and Joint Bookrunners, or directing them to cease, from performing their underwriting obligations which makes it impossible for the Joint Lead Underwriters and Joint Bookrunners to perform their underwriting obligations due to conditions beyond their control;<br><br>l. Unavailability of PDTC's lodgment facilities and the PSE's listing facilities used for the Offer and/or listing prior to the target Listing Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Joint Bookrunners to fully comply with the listing requirements of the PSE, if the impact of such unavailability on the listing of the Offer Shares remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Joint Bookrunners in good faith; and<br><br>m. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.<br><br>After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the Issuer's or the Joint Lead Underwriters and Joint Bookrunners' inability to sell or market the Offer Shares. |

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| | Notwithstanding the acceptance of any Application, the Offer Shares will be issued only upon listing of such Offer Shares on the PSE, and provided that the Underwriting Agreement shall not have been terminated or cancelled, on or before the Listing Date, in accordance with the provision of the said agreement. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Shares prior to the Listing Date pursuant to this section and the "*Plan of Distribution – Withdrawal of the Offer*" of this Prospectus, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.<br><br>Notwithstanding the foregoing, the Company and the Joint Lead Underwriters and Joint Bookrunners recognize and acknowledge that the PSE is a self-regulatory organization with a mandate to maintain a fair and orderly market. In this regard, the PSE may order the imposition of appropriate and reasonable sanctions and penalties on the relevant party for the cancellation of the Offer on or after the commencement of the Offer Period and prior to the Listing Date if, subsequently, the PSE determines that the cancellation or suspension of the Offer was not warranted based on the facts gathered and properly evaluated by the PSE and after due and proper proceedings initiated by the PSE not later than five (5) Business Days after such cancellation or suspension. |
| Refunds for Rejected Applications | In the event that the number of the Offer Shares to be allotted to an applicant, as confirmed by the Joint Issue Managers, the Joint Lead Underwriters and Joint Bookrunners, or the Selling Agents, is less than the number covered by its Application, or if an Application is wholly or partially rejected by the Issuer, then the Issuer shall refund, without interest, within five (5) Business Days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of the Offer Shares wholly or partially rejected. All refunds shall be made through the Joint Lead Underwriters and Joint Bookrunners, the Selling Agent, the concerned Trading Participant, or the Receiving Agent, as applicable, with whom the applicant has filed the Application at the risk of the applicant. |
| Refunds in case Offer Shares are not Listed | In the event the Offer Shares are not listed on PSE, the Joint Lead Underwriters and Joint Bookrunners, the Selling Agents, or the Receiving Agent, as may be applicable, shall notify the applicant concerned. The Joint Lead Underwriter and Joint Bookrunner, the Selling Agents, or the Receiving Agent, as may be applicable, shall return the check payment or refund the amount paid by the applicant concerned by way of issuance of its own check payable to the order of the applicant and crossed "Payees' Account Only" or through other means as may be agreed between the applicant and the relevant Joint Lead Underwriter and Joint Bookrunner, Selling Agents or Receiving Agent. All checks shall be made available for pick up by the applicants concerned five (5) Business Day after the intended Listing Date at the office of the Joint Lead Underwriters and Bookrunners, the Trading Participants, or the Receiving Agent, as may be applicable. Any checks that remain unclaimed after 15 Business Days from the intended Listing Date shall be mailed or delivered, at the risk of the |

<table>
<tr><td></td><td>applicant, to the address specified in the Application to Purchase.</td></tr>
<tr><td>Refund Process for Local Small Investors</td><td>All refunds shall be made directly to the Local Small Investor applicants unless respective Local Small Investor applicants' nominated PSE Trading Participants consented to process Local Small Investor refunds. In that case, all refunds may be made through the nominated PSE Trading Participant, at the Local Small Investor applicant's risk. The refunds will be processed by the Receiving Agent directly to the nominated PSE Trading Participant by transferring immediately available funds to the relevant bank account of, or via check to, each relevant nominated PSE Trading Participant in such amount representing the total refund due to all the clients of the relevant PSE Trading Participant on or before the tenth (10th) banking day after the end of the Offer Period. The affected Local Small Investor applicants may coordinate directly with their respective nominated PSE Trading Participant, as indicated in the submitted Local Small Investor application.</td></tr>
<tr><td>Registration and Lodgment of Shares with PDTC</td><td>The Offer Shares purchased by Applicants will be lodged with the Philippine Depository and Trust Corp. ("PDTC").<br><br>The Applicant must provide the required information in the Application for the PDTC lodgment of the Offer Shares. The Offer Shares will be lodged with the PDTC at least three (3) trading days prior to the Listing Date.</td></tr>
<tr><td>Expected Timetable</td><td>The timetable of the Offer is expected to be as follows:<br><br><table><tr><td>Bookbuilding Period</td><td>[November 5-20, 2026]</td></tr><tr><td>Price Setting Date</td><td>[November 23, 2026]</td></tr><tr><td>Notice of Final Offer Price to the SEC and PSE</td><td>[November 24, 2026]</td></tr><tr><td>Start of the Offer Period</td><td>[December 1, 2026]</td></tr><tr><td>Submission of Firm Order and Commitments by PSE Trading Participant</td><td>[December 3, 2026]</td></tr><tr><td>End of the Offer Period</td><td>[December 8, 2026]</td></tr><tr><td>Listing Date</td><td>[December 18, 2026]</td></tr></table><br>The dates included above are subject to the approval of the PSE and the SEC, subject to market and other conditions, and may be changed at the discretion of the Company, and Lead Underwriter, subject to the approval of the SEC and PSE.</td></tr>
<tr><td>Firm Commitment to Purchase</td><td>The Joint Lead Underwriters and Joint Bookrunners will fully underwrite, on a firm commitment basis, the Firm Shares, subject to the fulfillment of the conditions provided in the Underwriting Agreement. For further discussion please refer to the section on "Plan of Distribution" in this Prospectus.<br><br>After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the inability of the Company or the Joint Lead Underwriters and Joint Bookrunners to sell or market the Offer Shares.</td></tr>
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| | |
|---|---|
| Risks of Investing | Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. Certain of these risks are discussed in the section entitled "Risk Factors" and include risks relating to the Company's business, risks relating to the Philippines risks relating to the Offer and the Offer Shares, and risks relating to certain statistical information in this Prospectus. |

# SUMMARY OF FINANCIAL INFORMATION

The following tables present the summary of financial information and should be read in conjunction with the independent auditor's reports and the Company's financial statements, including the notes thereto, included elsewhere in this Prospectus, and the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations. The summary financial information as at and for the years ended December 31, 2023, 2024, and 2025 was derived from the Company's audited financial statements, which were prepared in accordance with PFRS. The Company's financial statements for the years ended December 31, 2023, 2024, and 2025, and for the six-month periods ended June 30, 2026 and 2025 were audited by MRTC in accordance with the PSA. The summary financial information presented below for the years ended December 31, 2023, 2024, and 2025, and for the six-month periods ended June 30, 2026 and 2025 were derived from the Company's audited financial statements.

The summary financial information below is not necessarily indicative of the results of future operation.

The summary financial information below is not necessarily indicative of the results of future operations.

| **STATEMENTS OF FINANCIAL POSITION**<br>**(All amounts in thousands Philippine Pesos)** | **Audited** | | | |
|---|---|---|---|---|
| | **For the years ended December 31** | | | **As of six-month period ended June 30, 2026** |
| | **2023** | **2024** | **2025** | |
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash | 3,229 | 20,847 | 20,423 | 55,916 |
| Trade and other receivables | - | 10,421 | 23,073 | 23,991 |
| Fuel Inventory | - | 3,344 | 4,259 | 5,980 |
| Advances to related parties | - | - | 87,286 | 54,588 |
| Prepayments and other current assets | 210 | 3,851 | 4,019 | 6,169 |
| **Total Current Assets** | **3,439** | **38,463** | **139,060** | **146,644** |
| **Noncurrent Assets** | | | | |
| Property and equipment, net | 363,036 | 347,934 | 665,886 | 891,936 |
| Deferred drydocking | 23,309 | 12,105 | 15,659 | 37,554 |
| Intangible asset | - | - | 1,175 | 1,188 |
| Security deposit | - | 39 | 39 | 39 |
| **Total Noncurrent Assets** | **386,345** | **360,078** | **682,759** | **930,717** |
| **TOTAL ASSETS** | **389,784** | **398,541** | **821,819** | **1,077,361** |
| | | | | |
| **LIABILITIES AND EQUITY** | | | | |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts and other payables | 1,451 | 26,955 | 15,142 | 40,003 |
| Loans payable, current | 38,909 | 36,586 | 59,548 | 91,057 |
| Advances from related parties | 51,487 | 448 | 3,100 | 3,100 |
| Income tax payable | - | 3,611 | 15,557 | 11,326 |
| **Total Current Liabilities** | **91,847** | **67,600** | **93,347** | **145,487** |

| | | | | |
|---|---|---|---|---|
| **Noncurrent Liabilities** | | | | |
| Loans payable, net of current | 207,789 | 198,785 | 473,417 | 390,828 |
| Advances from related parties | - | - | | 64,964 |
| Retirement liability | - | 386 | 1,012 | 1,325 |
| Deposit for future stock subscription | - | - | 52,790 | 0 |
| Deferred tax liability | 26,602 | 25,303 | 23,919 | 23,029 |
| **Total Noncurrent Liabilities** | **234,391** | **224,474** | **551,138** | **480,146** |
| **Total Liabilities** | **326,238** | **292,074** | **644,485** | **625,633** |
| **EQUITY** | | | | |
| Share Capital | 8,000 | 8,000 | 26,000 | 26,000 |
| Deposit for stock subscription | - | - | - | 220,605 |
| Common Stock Dividend Distributable | - | - | - | 13,000 |
| Retained earnings | (24,260) | 22,270 | 78,747 | 121,339 |
| Revaluation surplus | 79,806 | 76,197 | 72,588 | 70,783 |
| **Total Equity** | **63,546** | **106,467** | **177,335** | **451,728** |
| **TOTAL LIABILITIES AND EQUITY** | **389,784** | **398,541** | **821,819** | **1,077,361** |

**STATEMENTS OF INCOME**

**(All amounts in thousands Philippine Pesos)**

| | Audited | | | | |
|---|---|---|---|---|---|
| | For the years ended December 31 | | | For the six-month periods ended June 30 | |
| | 2023 | 2024 | 2025 | 2025 | 2026 |
| **REVENUES** | **59,146** | **219,300** | **223,866** | **100,586** | **210,992** |
| COST OF SERVICE | (59,964) | (144,568) | (113,049) | (55,347) | (113,757) |
| **GROSS PROFIT (LOSS)** | **(818)** | **74,732** | **110,817** | **45,239** | **97,235** |
| OPERATING EXPENSE | (1,231) | (3,228) | (17,131) | (5,880) | (12,499) |
| INTEREST EXPENSE | (17,865) | (24,510) | (24,928) | (11,632) | (18,200) |
| INTEREST INCOME | 7 | 3 | 92 | 36 | 77 |
| OTHER INCOME | - | - | 45 | 28 | 36 |
| **INCOME (LOSS) BEFORE INCOME TAX** | **(19,906)** | **46,997** | **68,895** | **27,791** | **66,649** |
| INCOME TAX EXPENSE | - | (5,279) | (17,231) | (6,941) | (13,463) |
| CURRENT | - | (5,376) | (17,411) | (7,031) | (13,752) |
| DEFERRED | - | (96) | 180 | 90 | 289 |
| **INCOME (LOSS) FOR THE YEAR** | **(19,906)** | **41,718** | **51,664** | **20,850** | **53,186** |
| **EBITDA** | **11,584** | **99,532** | **121,208** | **52,412** | **103,116** |

| STATEMENT OF CASH FLOWS<br>(All amounts in thousands Philippine Pesos) | Audited<br>For the years ended December 31 | | | For the six months ended June 30 | |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2025 | 2026 |
| Net cash provided by operating activities | 10,517 | 105,116 | 88,946 | **14,461** | **104,202** |
| Net cash used in investing activities | (116,855) | (1,719) | (139,121) | (35,388) | (29,759) |
| Net cash provided by (used in) financing activities | 105,473 | (85,779) | 49,751) | 29,235 | (38,951) |
| NET INCREASE (DECREASE) IN CASH | (865) | 17,618 | (424) | **8,308** | **35,492** |
| CASH AT JANUARY 1 | 4,094 | 3,229 | 20,847 | 20,847 | 20,423 |
| CASH AT END OF THE PERIOD | 3,229 | 20,847 | 20,423 | **29,155** | **55,915** |

| Key Financial And Operating Ratios | For the years ended December 31, | | | For the first six months ended June 30 | |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2025 | 2026 |
| Current Ratio [1] | 0.04 | 0.57 | 1.49 | N/A | 1.01 |
| Debt to Equity Ratio[2] | 5.1 | 2.7 | 3.6 | N/A | 1.38 |
| Gross Profit Margin (%)[3] | (1.4%) | 34.1% | 49.5% | 45.0% | 46.1% |
| Before Tax Return on Sales (%)[4] | (33.7%) | 21.4% | 30.8% | 27.6% | 31.6% |
| Earnings per Share in Philippine Pesos [5] | (24.88) | 0.52 | 0.47 | 0.17 | 0.14 |
| Earnings before Interest, Taxes, Depreciation & Amortization in thousands Philippine Pesos[6] | 11,584 | 99,532 | 121,208 | 52,412 | 103,116 |
| Return on Equity[7] | (31.3%) | 49.0% | 36.0% | N/A | 17.0% |

***(This space was intentionally left blank)***

# RISK FACTORS

*An investment in the Offer Shares involves a number of risks. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not indicative of future performance and results, and there may be a large difference between the buying price and the selling price of any security. For investors that deal in a range of investments, each investment carries a different level of risk.*

*The risk factor discussed in this section does not purport to disclose all of the risks and other significant aspects of investing in the Offer Shares. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affects our business, financial conditions or results of operations. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities, and specifically those of high-risk securities. Each Investor should also seek professional advice if he or she is uncertain of, or has not understood any aspect of, the securities to be invested in or the nature of risks involved in the trading of securities. Investors may request publicly available information on the Common Shares and the Company from the SEC.*

*The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to our business, results of operations, financial condition and prospects. The means by which we intend to address the risk factors discussed herein are principally presented under the captions "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry", and "Board of Directors and Senior Management—Corporate Governance" of the Prospectus.*

## RISKS RELATING TO THE COMPANY AND ITS BUSINESS

### *The Company's operations are vulnerable to weather conditions and natural events*

Shipping in the Visayas is particularly vulnerable to extreme weather and geological hazards. Typhoon Odette (international name Rai) in December 2021 devastated Cebu and its neighboring islands, destroying port facilities, damaging vessels, and displacing thousands of families. More recently, Typhoon Tino (Kalmaegi) in November 2025 caused catastrophic flooding in Metro Cebu, with rainfall amounts exceeding a 20-year return period, leading to port closures and widespread disruption of transport services. In addition to typhoons, Cebu Province has also experienced major earthquakes, floods, volcanic eruptions, and storm surges which disrupted port operations, damaged infrastructure, and temporarily halted shipping services. These events underscore the recurring risk of natural disasters in the region which can halt operations, disrupt schedules, and damage assets, thereby leading to reduction in revenues and erosion of customer confidence.

Aznar mitigates these risks by investing in modern vessels equipped with advanced navigation and safety systems, enforcing strict compliance with MARINA and Coast Guard protocols, and maintaining flexible scheduling practices during peak weather seasons. The Company also has contingency plans in place to reroute cargo and passengers through alternative ports when necessary. Furthermore, Aznar collaborates with local authorities to strengthen disaster preparedness, maintains vessel insurance to protect against financial losses from weather- and earthquake-related damage, and continues to enhance operational resilience to withstand future disruptions.

***The Company is exposed to volatility in fuel prices, which may adversely affect its profitability***

The Company is exposed to fluctuations in fuel prices, as fuel constitutes one of the largest components of its operating expenses. Changes in fuel prices may result from factors beyond the Company's control, including movements in global oil prices, supply disruptions, geopolitical developments, inflationary pressures, and foreign exchange fluctuations. Any significant increase in fuel prices may increase the Company's operating costs and adversely affect its margins and profitability, particularly if such increases cannot be passed on to customers in a timely manner through adjustments in rates or fuel surcharges.

The Company implements various fuel management and cost-control measures. These include voyage optimization, preventive vessel maintenance, and the use of a tank scale method, which measures fuel requirements on a per-voyage basis to the exact liter in order to closely manage fuel consumption. The Company also requires vessel crews to maintain fuel consumption logs for every voyage, enabling Management to monitor usage levels, improve fuel efficiency, and deter fuel pilferage. In addition, the Company may adjust vessel operating speeds and undertake hull cleaning and other maintenance activities to improve fuel efficiency.

However, there can be no assurance that these measures will be sufficient to offset the impact of significant or prolonged increases in fuel prices. Accordingly, sustained fuel price volatility may have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

***The Company faces strong competition within the Visayas shipping industry***

The inter-island shipping market is dominated by operators with larger fleets, faster vessels, stronger digitization, broader route networks, and greater capital resources. Competitors with more vessels can operate at higher frequency, expand into additional destinations, and deploy newer ships that enhance service reliability. Their stronger capital base enables continuous investment in modernization and expansion, intensifying competitive pressure. These dynamics can lead to margin compression, reduced profitability, and potential loss of market share, particularly on high-traffic routes such as Cebu–Leyte and Cebu–Negros.

Aznar competes by focusing on short-haul routes as its niche market that are less accessible to larger vessels of the competitors, allowing it to serve niche markets where service frequency, operational flexibility, and accessibility are critical. The Company also differentiates itself through a balanced RoRo Service mix of passengers and, cargo, which stabilizes revenues and broadens customer reach. In addition, Aznar emphasizes customer service and reliability, building loyalty and trust among its client base. By leveraging these strengths, the Company positions itself to compete effectively despite the larger fleets and capital capacity of rival operators.

In addition, the Company believes that its ownership of an International Association of Classification Societies ("**IACS**")-classed vessel provides certain competitive advantages. The vessel's IACS classification reflects compliance with internationally recognized standards for vessel design, construction, and maintenance and qualifies it for Pioneer Status with the Maritime Industry Authority ("MARINA"). Pioneer Status grants the vessel non-transferable route protection within a 15-kilometer radius of its authorized route for six (6) years, limiting direct competition along portions of the route and supporting the Company's market position. Management believes that these benefits partially mitigate competitive pressures faced by the Company within its service areas.

***The Company faces risks relating to the management of fuel and spare parts inventory, which are critical to sustaining daily operations and fleet reliability***

The Company's operations are exposed to inventory management risks, particularly in relation to fuel and spare parts. Maintaining and storing sufficient fuel inventory is critical to supporting uninterrupted operations. Accordingly, sudden price increases, supply shortages, or other disruptions in the fuel supply chain may increase inventory carrying costs and margin pressure, which may affect the Company's profitability and cash flows. Spare parts are equally critical to vessel maintenance and operational reliability. Shortages or delays in procurement can result in extended downtime, reduced fleet availability, and higher repair expenses.

The Company employs careful inventory planning and supplier diversification to ensure timely access to fuel and parts. Regular fleet maintenance further reduces the likelihood of unexpected breakdowns, thereby lowering spare part consumption and minimizing costly disruptions. In addition, investments in modern vessels improve fuel efficiency and reduce maintenance requirements. Together, these measures strengthen the Company's ability to manage inventory risks while sustaining reliable service across its core routes.

***The Company may not realize the expected benefits from its fleet expansion and future vessel acquisitions***

The Company's growth strategy is substantially dependent on the continued expansion and modernization of its fleet. The Company has historically grown through vessel acquisitions and, as of the date of this Prospectus, has expanded its fleet through acquisitions from affiliated companies and intends to acquire additional vessels to support route expansion, increase carrying capacity, improve service frequency, and enhance operational flexibility. However, there can be no assurance that these acquisitions will generate the anticipated operational and financial benefits.

The success of the Company's fleet expansion strategy depends on a number of factors, including its ability to identify suitable vessels, secure financing on acceptable terms, obtain the required regulatory approvals, and deploy newly acquired vessels on profitable routes. Any prolonged delays in vessel acquisition, delivery, registration, certification, or deployment may postpone the realization of anticipated revenues and increase operating costs. In addition, future vessel acquisitions may require significant capital expenditures, which could increase the Company's indebtedness and financing obligations.

The Company also faces risks associated with integrating newly acquired vessels into its existing operations. Newly acquired vessels may require additional maintenance, modifications, crew training, regulatory compliance activities, or operational adjustments before they can be fully utilized. There can be no assurance that the Company will be able to integrate such vessels efficiently or achieve the expected improvements in capacity utilization, operating efficiency, or profitability.

Furthermore, the financial viability of vessel acquisitions depends on the Company's ability to generate sufficient demand for additional capacity. If cargo volumes, passenger traffic, or route utilization levels are lower than anticipated, the Company may be unable to achieve the expected return on investment from newly acquired vessels. The Company may also face increased competition, changes in market conditions, fuel price volatility, port constraints, or other operational challenges that could limit the benefits of fleet expansion.

Accordingly, if the Company is unable to successfully execute its fleet expansion strategy or if newly acquired vessels fail to generate the anticipated revenues, operating efficiencies, or route opportunities, the Company's business, financial condition, results of operations, and prospects could be materially and adversely affected.

***The Company operates in a highly regulated industry, and changes in regulation or in the application of regulation may adversely affect its operations***

The Company's business is subject to extensive regulation by Philippine government agencies. The Maritime Industry Authority ("**MARINA**") regulates the ownership, registration, classification, safety, manning and operation of domestic vessels, administers the issuance of Certificates of Public Convenience ("**CPCs**"), route authorities and special permits, and monitors and regulates passenger fares and cargo rates. The Company's operations are also subject to regulation and oversight by, among others, the Philippine Coast Guard, the Philippine Ports Authority, the National Telecommunications Commission, the Office for Transportation Security, the Department of Tourism, the Department of Environment and Natural Resources, the Department of Labor and Employment, the National Privacy Commission, the Bureau of Internal Revenue, the Board of Investments, and the local government units in which the Company maintains offices and ticketing facilities.

These agencies, within their respective jurisdictions, may impose requirements on the Company's operations, conduct inspections or audits and take enforcement action. Such action may include administrative fines, the suspension or revocation of permits and licenses, orders to cease operations, and, in the case of MARINA, the imposition of no-sail conditions on individual vessels. If the applicable permits, licences or certificates for a vessel are suspended or revoked, the vessel may be required to cease operations, which could disrupt service on the routes on which it is deployed.

The regulatory framework governing domestic shipping is also subject to change. Republic Act No. 11659 amended the Public Service Act to limit the definition of a “public utility”. Domestic shipping is not classified as a public utility under the amended law and, accordingly, is no longer subject to the nationality restriction applicable to public utilities. This liberalization may facilitate the entry of new operators, including foreign-owned or foreign-backed operators, into the routes served by the Company and may increase competition. Future changes in law, regulation or agency policy, including changes to safety, manning, environmental, vessel age, classification or rate-setting requirements may increase the Company's compliance costs, require additional capital expenditure, restrict its operations, or reduce the value of its existing authorities and incentives. The Company may also be adversely affected by changes in the interpretation or enforcement of existing requirements, delays in obtaining or renewing permits, licences or certificates, or the inconsistent or more stringent application of existing regulations.

Any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company's route expansion and growth plans are subject to regulatory approvals and infrastructure availability***

The Company's growth strategy includes opening new service routes within the Visayas region and other markets as may be identified. The successful implementation of these initiatives depends on a variety of regulatory, operational, and infrastructure-related factors, many of which are beyond the Company's control.

The establishment of new routes and the deployment of vessels generally require approvals, permits, and authorizations from regulatory agencies, including the MARINA, as well as compliance with applicable safety, manning, operational, and vessel certification requirements. The Company may also be required to secure Certificates of Public Convenience ("CPCs"), route authorities, special permits, vessel registrations, and other regulatory clearances before commencing operations on a new route. Any delays in obtaining such approvals, the imposition of additional regulatory requirements, or changes in the regulatory framework governing domestic shipping may postpone or limit the Company's expansion plans.

In addition, the Company's ability to expand its route network depends on the availability and suitability of port infrastructure. Domestic shipping operations require access to ports, berthing facilities, loading and unloading areas, and other supporting infrastructure. Certain ports in the Visayas region may experience congestion, limited berthing space, operational bottlenecks, tidal restrictions, or infrastructure limitations that could reduce operational efficiency or restrict the Company's ability to increase vessel deployment and voyage frequency. Delays in port improvements or the unavailability of suitable berthing facilities may likewise affect the viability of potential new routes.

The Company may also face challenges in securing vessels suitable for specific routes. Certain feeder routes served by the Company require vessels capable of operating in relatively shallow waters and at ports with limited infrastructure. As a result, the availability, acquisition, and deployment of appropriate vessels are important factors in the Company's route expansion strategy. Delays in vessel acquisition, delivery, registration, or certification could postpone the launch of new routes or the expansion of existing services.

Furthermore, the Company's expansion plans are dependent on market conditions and the availability of supporting infrastructure at both the origin and destination ports. Even where regulatory approvals are obtained, the Company may be unable to commence operations if adequate docking facilities, port services, cargo-handling support, or vessel capacity are not available.

Accordingly, if the Company experiences prolonged delays in obtaining the necessary regulatory approvals, encounters infrastructure constraints, is unable to secure suitable vessels, or faces other operational challenges associated with route development, its growth strategy may be delayed or implemented at higher-than-expected costs. Any such developments could adversely affect the Company's business, financial condition, results of operations, and prospects.

***The Company's operations depend on permits, licenses and certificates that must be obtained, maintained and periodically renewed***

The Company's ability to operate its vessels and conduct its business depends on its holding, and continuing to hold, a range of permits, licences, certificates and other authorities. At the entity level, these include its business permits issued by local government units, which are renewed annually, and its Certificate of Accreditation issued by MARINA, as well as various registrations with the Bureau of Internal Revenue, the Department of Labor and Employment, the Social Security System, the Philippine Health Insurance Corporation, the Home Development Mutual Fund and the National Privacy Commission. At the vessel level, these include, as applicable, the Certificate of Public Convenience, Coastwise Licence, Certificate of Ownership, Certificate of Philippine Registry, Minimum Safe Manning Certificate, Cargo or Passenger Ship Safety Certificate, Certificate of Compliance, Load Line Certificate, Cargo Securing Manual Compliance Certificate, Certificate of Stability, Safety Management Certificate, Tonnage Measurement Certificate and Ship Station Licence, together with applicable environmental and security clearances issued by the Philippine Coast Guard and the Office for Transportation Security.

Many of these permits, licences, certificates and other authorities are issued for fixed terms and must be renewed periodically, while certain of them are subject to periodic endorsement. As of the date of this Prospectus, certain of the Company's vessel certificates have expired and applications for their renewal are pending. See “Material Permits/Licences”.

A vessel may not lawfully be operated if the certificates required for its operation are not valid and in force. Operating without a valid MARINA Certificate of Compliance may result in the imposition of a no-sail condition on the vessel and administrative penalties. Under MARINA Circular No. 2015-11, operating without a valid Safety Management Certificate may result in the withdrawal of such certificate, the imposition of administrative fines and a no-sail condition until compliance and, in the case of a third offence, revocation of the Company's Certificate of Public Convenience. The circular also provides for separate administrative penalties against the master of the vessel. Operating without a valid business permit may subject the relevant establishment to penalties and closure.

There can be no assurance that the Company will be able to obtain or renew the permits, licences, certificates and other authorities required for its operations on a timely basis or without conditions. Any suspension, revocation, non-renewal or conditional grant of a material permit, licence or certificate, or the imposition of a no-sail condition on one or more vessels, could interrupt the Company's operations on the affected routes and expose it to fines and penalties. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company may be affected by disruptions in inter-island trade, tourism, and economic activity in the Visayas Region***

The Company's financial performance is closely linked to economic conditions and commercial activity within the Visayas region, particularly in the provinces and ports served by its route network. Demand for the Company's services is driven by the movement of vehicles, rolling cargo, commercial goods, construction materials, fuel products, agricultural products, and passengers between islands. As a result, the Company's revenues are influenced by the level of economic activity, trade flows, infrastructure development, business investment, and consumer spending within its service areas.

The Company's cargo operations depend significantly on the transportation requirements of logistics providers, trucking companies, distributors, manufacturers, retailers, construction firms, fuel suppliers, and other commercial enterprises. Any slowdown in economic growth, contraction in construction activity, reduction in commercial trade, disruption in supply chains, or decline in business activity could reduce the demand for the transportation of cargo and vehicles across the Company's routes. Similarly, a decline in consumer spending may adversely affect the movement of goods and merchandise, resulting in lower cargo volumes.

Passenger traffic is likewise affected by economic conditions and tourism activity. Reductions in disposable income, increases in transportation costs, public health concerns, natural disasters, or declines in domestic tourism may reduce the number of passengers utilizing the Company's RoRoPax services. In addition, adverse developments affecting key economic sectors within the Visayas region could negatively impact travel activity and demand for inter-island transportation services.

The Company may also be affected by broader macroeconomic factors, including inflation, higher interest rates, foreign exchange volatility, increases in fuel prices, and other economic conditions that may weaken business activity and consumer demand. Since the Company's operations are concentrated in the Visayas region, any material deterioration in the economic conditions of this region may have a more pronounced impact on the Company's business than on operators with more geographically diversified operations.

Accordingly, any sustained decline in inter-island trade, tourism activity, passenger travel, cargo volumes, or overall economic activity within the Visayas region could adversely affect the demand for the Company's services, which may in turn have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

***The Company depends on MARINA's approval of fare and cargo rate adjustments***

Domestic shipping operators are regulated by MARINA, which sets fare and cargo rates. Although the MARINA approved temporary increases of up to 10% in passenger fares and general cargo rates on June 8, 2026, there is no assurance that rate adjustments are implemented in a timely manner. Moreover, such approvals are generally granted for only a fixed period of time. This creates uncertainty in revenue management, particularly during periods of rising operating expenses such as elevated fuel costs. Such increases may or may not be sufficient to fully offset higher expenses, leaving margins exposed to volatility. Despite this, demand for the Company's short-haul services has remained stable, as shipping is a crucial and indispensable mode of transport across the Visayan islands.

To mitigate this risk, Aznar actively engages with MARINA and industry associations to advocate for fair rate adjustments; maintains operational efficiency to absorb cost pressures; and leverages its diversified service offering across passenger, RoRo, and cargo operations. The Company also maintains good and cooperative relationships with MARINA and other shipping regulators, fostering trust and ensuring continued compliance. While the recent temporary adjustments provide partial relief, the Company continues to prioritize efficiency, service diversification within shipping, and regulatory cooperation to safeguard margins against uncertainty.

***The Company's vessels undergo regular drydocking***

Mechanical failures, aging vessels, or necessary maintenance may lead to downtime to prevent safety incidents. Shipping vessels are required to undergo drydocking service every 30 months, with the process typically lasting two to three months depending on the scope of work. During this period, affected vessels are removed from service, resulting in a temporary reduction in voyage frequency and overall operational capacity. This directly impacts revenue generation, as fewer trips can be made and cargo and passenger volumes decline. In addition, drydocking costs are substantial, covering shipyard fees, repairs, and inspections, which add further pressure on margins.

To address this challenge, Aznar implements staggered drydocking schedules across its fleet to avoid multiple vessels being out of service at the same time, coordinates closely with shipyards to ensure timely completion of work, and invests in preventive maintenance to minimize unexpected repairs that could extend drydock periods. The Company currently operates a fleet of ten (10) vessels, which provides flexibility to maintain service continuity even when one or more vessels are undergoing drydock. Looking ahead, Aznar is pursuing plans to expand its fleet, which will strengthen operational resilience by increasing available capacity. In addition, the establishment and operation of Aznar Shipyard, is expected to provide in-house servicing capabilities for the Company's vessels in the future, potentially reducing costs, improving turnaround times, and enhancing control over maintenance schedules.

***The Company is dependent on the efficiency of Cebu and Visayas port facilities***

The Company's operations rely heavily on the availability and efficiency of port facilities in Cebu and across the Visayas. Cebu's major ports often experience bottlenecks during peak shipping seasons, leading to delays in vessel turnaround times and reduced operational efficiency. Congestion can also result in longer waiting periods for berthing slots, disrupting schedules and straining customer service commitments. Infrastructure limitations, including inadequate storage areas, outdated equipment, and insufficient inter-island connectivity, further compound these risks.

To mitigate these challenges, Aznar coordinates closely with port authorities to secure berthing schedules, maintains flexible routing options to alternative ports when congestion or damage occurs, and invests in operational planning to minimize downtime. The Company also advocates for infrastructure improvements through industry associations and leverages its fleet flexibility to adjust service deployment in response to port disruptions.

***The Company is exposed to high capital requirements for vessel acquisition***

Expanding and modernizing the fleet requires substantial upfront investment, as each vessel entails significant purchase costs and long payback periods. These capital demands can strain cash flow and limit financial flexibility, particularly if access to credit tightens or interest rates rise. Loans are typically secured by Company assets, which places those assets at risk in the event of repayment difficulties or adverse market conditions. There is also the risk that the Company may not be able to obtain financing at all, particularly during periods of tighter credit markets or economic downturns, which could delay or prevent fleet expansion and limit the Company's ability to pursue growth opportunities. On route expansion, entering new domestic or regional routes may face regulatory hurdles, port capacity limits, and entrenched competitors.

Aznar addresses these challenges by maintaining a good standing with banks and financial institutions, ensuring continued access to credit facilities for fleet expansion. The Company also carefully evaluates investment timing, explores diverse financing structures, and maintains disciplined capital planning to balance growth with liquidity. In addition, Aznar intends to tap the capital market which is expected to broaden its access to capital markets, diversify funding sources, and reduce reliance on asset-backed loans. Strong banking relationships, prudent financial management, and access to capital market collectively position the Company to fund vessel acquisitions more efficiently while safeguarding long-term stability.

***The Company may be exposed to risks not fully recoverable from insurance***

The Company's operations are subject to various risks inherent in the domestic shipping industry, including vessel collisions, groundings, fires, mechanical failures, cargo damage, personal injury claims, adverse weather events, environmental incidents, and other maritime accidents. Such events could result in vessel damage, loss of revenue, business interruptions, legal liabilities, reputational harm, and significant repair or replacement costs.

The Company maintains insurance coverage that it believes is customary for domestic shipping operators and complies with applicable regulatory requirements. Such coverage generally includes protection for its vessels, passengers, crew, and certain third-party liabilities. However, there can be no assurance that the Company's insurance policies will be sufficient to cover all losses, liabilities, damages, or expenses arising from accidents, natural disasters, operational incidents, or other unforeseen events.

Certain risks may be excluded from coverage, subject to policy limitations, deductibles, coverage ceilings, exclusions, or disputes with insurers regarding the scope of coverage. In addition, any claims filed by the Company may be contested, delayed, settled for amounts less than the claimed losses, or denied altogether. Even where insurance coverage is available, the Company may incur substantial uninsured costs, business interruption losses, reputational damage, or liabilities exceeding policy limits.

The Company may also experience increases in insurance premiums, reductions in available coverage, or more restrictive policy terms in the future due to changes in market conditions, claims experience, regulatory developments, natural disasters, or developments affecting the domestic shipping industry.

Any inability to obtain adequate insurance coverage on commercially reasonable terms could increase the Company's exposure to operating risks.

Accordingly, if the Company incurs losses or liabilities that are not fully covered by insurance, or if insurance proceeds are insufficient or unavailable, such events could have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

***The Company is exposed to risks of pilferage and theft***

The Company's operations require the handling and storage of fuel, spare parts, vessel supplies, cargo, and other assets across multiple vessels and ports of call. As a result, the Company is exposed to risks of pilferage, theft, and other unauthorized losses. While the Company has implemented monitoring procedures, including fuel consumption tracking systems, voyage-level fuel logs, and inventory controls, there can be no assurance that such measures will prevent all losses. Any significant incident of pilferage or theft could result in additional operating costs and adversely affect the Company's operations, financial condition, and results of operations.

***The Company is exposed to operational risks, including risks associated with human error***

The Company's operations involve the transportation of cargo, vehicles, and passengers through a fleet of vessels operating across multiple routes and ports of call. As with other shipping operators, the Company is exposed to operational risks inherent in maritime transportation, including human error, navigational mistakes, vessel collisions, groundings, cargo damage, personal injury, equipment malfunction, and other incidents that may occur during the course of operations.

The Company maintains operating procedures, safety protocols, crew training programs from a third-party provider, preventive maintenance activities, and emergency response measures designed to promote the safe and efficient operation of its vessels. Nevertheless, operational incidents may occur despite these measures and could result in service interruptions, property damage, increased operating costs, regulatory actions, legal liabilities, reputational harm, or other adverse consequences. The occurrence of any such incident could adversely affect the Company's business, financial condition, and results of operations.

***The Company is exposed to risks associated with piracy, theft, and other unlawful acts at sea***

The Company operates vessels engaged in inter-island transportation and is exposed to risks arising from piracy, theft, robbery, vandalism, and other unlawful acts that may occur in maritime environments. Such incidents may result in loss of cargo, vessel damage, injury to crew members or passengers, operational disruptions, increased security costs, or higher insurance premiums. While the Company's operating routes are generally located within established domestic shipping corridors, there can be no assurance that its vessels will not be affected by security-related incidents in the future.

***The Company is exposed to risks arising from engine, machinery, and equipment breakdowns***

The Company's operations depend on the continued reliability and performance of its vessels, including their engines, propulsion systems, navigational equipment, communication systems, and other critical machinery. To support vessel reliability and regulatory compliance, the Company implements preventive maintenance programs and undertakes periodic drydocking of its vessels either every thirty (30) months or twice within every five-year cycle, with each drydocking occurring thirty (30) months after the previous one, in accordance with MARINA requirements. Nevertheless, mechanical failures or equipment breakdowns may occur despite regular maintenance, inspections, and drydocking activities.

Such failures may result in voyage delays, trip cancellations, increased repair and maintenance costs, damage to cargo, service disruptions, or loss of revenues. If the Company is unable to promptly repair or replace damaged equipment or deploy alternative vessels, its operations, financial condition, and results of operations may be adversely affected.

***The Company's Shipping Affiliates may create potential competition or overlap with the Company's shipping operations***

EBASCO and TSTI are separate shipping operators under common ownership with the Company through the broader Aznar Group. While the Company does not directly control or consolidate their operations, their existing or future services may involve similar or nearby ports, cargo customers or passengers, vessels, or other aspects of the shipping business. The Company also has related-party charter arrangements involving four vessels with the Shipping Affiliates (see *Operations* section for further details on this).

Given the foregoing, there can be no assurance that all future shipping opportunities available to the Aznar Group will be pursued through the Company, or that the Shipping Affiliates will not undertake activities that may compete with or otherwise affect the Company's operations. Any material operational overlap, saturation, or unfavorable allocation of routes or customer bases could adversely affect the Company's growth, business, financial condition, and result of operations.

Currently, the Company firmly intends for future vessel acquisitions and the development of new shipping routes to be undertaken through ALX. The Company believes that this approach will support the continued development of its shipping operations within ALX and manage the potential overlap among the shipping businesses within the Aznar Group.

***The Company will depend on related-party charter arrangements for a portion of its future revenues and may not realize the expected operational pass-through or fleet-utilization benefits***

The expected charter revenue and utilization benefits will depend on the execution and continuing effectiveness of the charter agreements, the affiliates' financial capacity and timely payment, the availability and condition of the vessels, and the affiliates' operating performance.

Deployment under a charter will also make a vessel unavailable for an ALX-operated route or new opportunity, and the return earned under the charter may be lower than the return ALX could have achieved through direct operation. An operational, regulatory or financial disruption affecting EBASCO or TSTI could delay or reduce charter payments or require ALX to redeploy a vessel. Any of these events could reduce the expected diversification, utilization and earnings benefits and materially adversely affect the Company's business, financial condition and results of operations.

***The Company's operations depend on continued access to public and private port facilities***

The Company's operations depend on its ability to access and utilize both public and private port facilities for the loading, unloading, handling, storage, and transportation of cargo. These ports form a critical part of the Company's logistics and operating infrastructure, and any disruption in the Company's access to, or use of, such facilities could adversely affect its ability to provide services to customers in a timely and efficient manner.

The Company operates in public ports namely, Port of Tabuelan (Tabuelan, Cebu) Pier 1, Polambato Port (Bogo, Cebu), Port of Palompon (Palompon, Leyte), Port of Kawit (Medellin, Cebu), Santa Fe Port (Bantayan Island, Cebu) and Port of Dumangas (Dumangas, Iloilo). Public port operations are subject to the policies, regulations, tariffs, operating procedures, and capacity constraints imposed by government agencies, port authorities, and terminal operators. The Company may experience delays, congestion, berth unavailability, labor disputes, equipment failures, adverse weather conditions, or changes in regulations and port charges that could increase operating costs or disrupt the movement of cargo. Such events may lead to vessel delays, reduced operational efficiency, contractual penalties, loss of business opportunities, or customer dissatisfaction.

The Company also relies on private ports and terminals, access to which may be governed by contractual arrangements or commercial agreements with port owners and operators. The Company operates in private ports namely, Port of Tabuelan (Tabuelan, Cebu) Pier 2, Danao Port (Escalante City, Negros Occidental), Republic Drydock Port (Danao City, Cebu), Pingag Port (Isabel, Leyte), and [BREDCO Port (Bacolod City)]. These agreements may be subject to renewal, amendment, renegotiation, or termination. In addition, private port facilities may face operational interruptions due to maintenance activities, infrastructure limitations, equipment malfunction, accidents, natural disasters, or other events beyond the Company's control. The Company may also be required to comply with facility-specific operational and safety requirements, which could result in additional costs.

If the Company is unable to maintain access to key public or private port facilities, or if such facilities become unavailable, congested, less efficient, or more costly to use, the Company may be required to seek alternative ports or terminals, which may not be available on commercially reasonable terms or may involve increased transit times and operating expenses. Any such disruption, limitation, or loss of access could adversely affect the Company's business, financial condition, results of operations, and prospects.

***The Company may be subject to risks arising from non-compliance with financial covenants under its loan agreements***

The Company has obtained loan facilities from several banks, including Philippine National Bank ("PNB"), most of which are secured by third party real estate mortgages and other encumbrances and are subject to various affirmative and negative covenants. These covenants require, among others, the maintenance of the Company's legal existence, preservation of mortgaged assets, submission of financial and tax reports, compliance with specified financial ratios, timely payment of indebtedness and taxes, and notification to PNB of matters that could materially affect the Company's operations or financial condition.

As of December 31, 2025 and 2024, one of the Company's loan facilities did not comply with some financial covenants. Although the Company's non-compliance with said covenant did not constitute an event of default under the applicable loan agreement, and PNB confirmed in writing on June 30, 2026 that the loan remained in good standing and was not due and demandable, there can be no assurance that the Company will be able to comply with such covenants in future periods. Future breaches of financial or other covenants, particularly if accompanied by a failure to cure such breaches within applicable periods or other events specified in the loan documentation, could result in an event of default.

If an event of default were to occur and remain uncured, the lender may exercise remedies available under the relevant loan agreements and applicable law, including the acceleration of outstanding obligations, enforcement of security interests over pledged assets, or the imposition of additional restrictions on the Company's operations and financing activities. Any such actions could adversely affect the Company's liquidity, financial flexibility, cash flows, and ability to fund its operations, capital expenditures, or growth initiatives.

Moreover, actual or perceived difficulties in maintaining compliance with existing loan covenants may affect the Company's ability to obtain additional financing or refinance existing indebtedness on favorable terms, or at all. Any of these circumstances could have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

**RISKS RELATING TO THE PHILIPPINES**

***The Company faces risks related to the Philippines, which encompass the performance of the Philippine economy***

The Company’s financial performance is affected by the overall state of the Philippine economy, and this influence will persist. The Company's growth and earnings depend somewhat on how well the Philippine economy is doing. In the past, the Philippines has faced slow or negative economic growth, high inflation, peso devaluation, and exchange controls.

Furthermore, global financial markets have experienced disruptions and liquidity problems, which might continue. There is uncertainty about whether the United States and the global economy might continue to decline, which would also affect the Philippine economy. The Company cannot guarantee that current or future governments will adopt policies that support economic growth, and the Company may not be able to effectively manage such systemic risks.

In 2025, the Philippine economy demonstrated stability in the first half of the year, with GDP expanding by 5.4% and 5.5% in the first and second quarters, respectively. However, the economy showed signs of deceleration in the latter part of the year, as growth slowed to 3.9% in the third quarter and further to 3.0% in the fourth quarter. This slowdown reflected softer domestic demand, adverse weather conditions and a contraction in government spending following disruptions tied to corruption issues. Consequently, full-year GDP growth settled at 4.4%, down from 5.7% in 2024, marking the slowest pace since the post-pandemic recovery period and trailing behind its ASEAN-5 peers such as Vietnam (8.0%), Malaysia (5.2%), and Indonesia (5.1%).

This slowdown extended into early 2026 and was further exacerbated by external developments, particularly the U.S.-Iran conflict beginning towards the end of February. As a result, GDP growth in the first quarter further slowed at 2.8%, significantly lower than the government's 5.0-6.0% target range for the year.

While the Philippine economy showed signs of stabilization toward the end of 2025 – with both inflation and interest rates trending downward – this trajectory reversed in early 2026 following the escalation of the U.S.-Iran conflict in end-February. As a result, the country's headline inflation rate increased significantly from 1.7% in October 2025 to 7.2% in April 2026, its highest level since the 7.6% recorded in March 2023, primarily driven by elevated global oil prices. Latest headline inflation rate as of July 2026 stood at 6.2%, still higher than the 2.0-4.0% policy target range of the government. In response, the BSP raised its policy rate by 25-basis point during its April, June, and August 2026 monetary policy meetings to mitigate inflationary pressures – bringing the benchmark rate to 5% as of 31 August 2026.

The Philippine economy is expected to sustain growth in 2026 but at a slower pace amid global headwinds. This is still supported by stable domestic demand, steady OFW remittances, and ongoing policy support. The World Bank, International Monetary Fund, and the Asian Development Bank expects the Philippine economy to grow by 3.7%, 4.1%, and 4.4% y-o-y, respectively, in 2026. Again, this is below the Department of Budget and Coordination Committee's (DBCC) 2026 GDP target at 5.0% to 6.0%.

Any future deterioration in the Philippine economy could significantly impact the Company's business, financial stability, and operations, including its ability to expand and implement its business strategy. Changes in Philippine economic conditions could also have adverse effects on the Company's financial position and operations.

Factors that might negatively affect the Philippine economy include decreases in business activities, scarcity of credit, exchange rate fluctuations, rising inflation or interest rates, employment levels, changes in fiscal policies, budget deficits, adverse trends in the current accounts, public health crises, natural disasters, political instability, terrorism, and regulatory or economic developments in the Philippines.

There can be no assurance that the Philippines will maintain strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect business, financial condition and results of operations. A downturn in the Philippine economy could harm general business conditions, leading to reduced Company revenues, profitability and cash flows.

***Political instability may have a material adverse impact on the Company's operations and financial condition***

The Philippines has, from time to time, experienced political and military instability, including acts of political violence. In the last decade, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two (2) former presidents, two (2) chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. On February 5, 2025, the House of Representatives of the Philippines approved the articles of impeachment of the vice-president of the Philippines and forwarded the same to the Senate. The trial did not proceed after the 20th Congress adjourned.

In February 2026, another impeachment complaint was filed against the vice-president. On May 11, 2026, the House of Representatives voted to impeach the vice-president. On May 15, 2026 the articles of impeachment was transmitted to the Senate. The Senate on May 18, 2026 convened as an impeachment court once the articles of impeachment are transmitted to conduct trial proceedings. On July 6, 2026 the impeachment trial began and is ongoing as of the date of this Prospectus.

On March 11, 2025, former President Rodrigo Duterte was arrested by local law enforcers and flown to the Netherlands to face charges for crimes against humanity at the International Criminal Court. The former President was arrested by the Philippine National Police (PNP) in response to the request made by the International Criminal Police Organization upon his arrival at the Manila international airport, which resulted in polarized reactions from the general public. On March 13, 2025, the former President arrived at The Hague where he faced charges over the anti-drug crackdowns he oversaw while in office. A confirmation of charges hearing was conducted by the International Criminal Court from February 23 to February 27, 2026. On April 23, 2026, the Pre-Trial Chamber I unanimously confirmed all the charges comprised of three (3) counts of crimes against humanity. The case will proceed to trial on November 30, 2026 and such developments may further increase political tensions in the Philippines. Relative to the arrest of the former President in relation to his alleged crimes against humanity, the International Criminal Court on May 11, 2026 also unsealed an arrest warrant for Senator Ronald Marapon Dela Rosa. On May 21, 2026, following the denial by the Supreme Court of the application for the issuance of a temporary restraining order, the Department of Justice directed law enforcement agencies to enforce the warrant of arrest. In addition, two (2) incumbent senators were recently arrested on charges of plunder. On June 1, 2026, Senator Jinggoy Estrada surrendered to authorities after the Sandiganbayan issued a warrant for his arrest on a non-bailable charge of plunder in connection with alleged kickbacks from government flood control projects. Subsequently, on July 6, 2026, Senator Rodante Marcoleta was arrested pursuant to a warrant issued by the Sandiganbayan on a charge of plunder involving approximately Php75.0 million in allegedly undeclared campaign donations received in connection with his 2025 senatorial bid. These arrests, together with the ongoing proceedings before the International Criminal Court, may further heighten political tensions and uncertainty in the Philippines. There can be no assurance that such political developments will not have a material adverse effect on the general economic, political, and social conditions in the Philippines.

In July 2025, the President during his State of the Nation Address and news reports divulged the alleged misappropriation of hundreds of billions worth of government funds allocated for nationwide flood control projects, spanning decades of misuse over multiple administrations. Various public officials and government contractors who bagged Php100 billion worth of flood control projects since 2022 were also named. The Senate and House of Representatives commenced their respective investigations where additional public officials, including a number of senators and congressmen were identified during these hearings. In September 2025, the Independent Commission for Infrastructure ("ICI") was constituted with a mandate to investigate the irregularities in infrastructure projects of government and ensure accountability in the use of public funds. Further, individuals identified to be connected with the alleged ghost flood control projects have been placed under lookout order.

The news about the mismanagement and corruption of flood control funds resulted in widespread protests held in various parts of the Philippines. There have also been news reports about attempts to destabilize the current government including by attempts of certain retired military officers to instigate the Armed Forces of the Philippines ("**AFP**") to withdraw its support from government. The investigations and protest rallies may create political instability in the Philippines that may have an adverse effect on the Philippine market and the share price of the Offer Shares.

In addition, a number of officials of the Philippine government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery, or usurpation of authority. There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy.

No assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth. An unstable political or social environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations, and financial condition of the Company.

A major deviation from the policies of the immediate past administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Company's businesses prospects, financial condition, and results of operations.

***All of the Company's business activities and assets are based in the Philippines, which exposes them to risks associated with the country, including the performance of the Philippine economy***

Historically, the Company has derived its operating income and operating profits from the Philippines and, as such, the Company is highly dependent on the state of the Philippine economy. Demand for its services and products are directly related to the strength of the Philippine economy (including its overall growth and income levels), the overall levels of business activity in the Philippines as well as the amount of remittances received from overseas Filipinos. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of its currency and the imposition of exchange controls. Other factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally;
- foreign exchange rate fluctuations;
- foreign exchange controls;
- inflation or increase in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal and regulatory policies;
- Government budget deficits;
- public health epidemics or outbreaks of diseases, such as a worsening or resurgence of the COVID-19 pandemic, a re-emergence of polio, SARS, bird flu, or H1N1, or the emergence of other similar diseases in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- geopolitical tensions between the Philippines and other claimant countries concerning disputed territories in the West Philippine Sea;
- delays in obtaining government approvals and permits;
- a downgrade in the long-term foreign and local currency sovereign credit ratings of the Philippines or the related outlook for such ratings;
- political instability, territorial disputes, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, social, political or economic developments in or affecting the Philippines.

Any future deterioration in economic conditions in the Philippines due to these or other factors could materially and adversely affect its customers and contractual counterparties. This, in turn, could materially and adversely affect its financial position and results of operations. Therefore, changes in the conditions of the Philippine economy could materially and adversely affect our business, financial condition or results of operations.

***Natural catastrophes, including severe weather conditions, may materially disrupt the Company's operations and result in losses not covered by insurance***

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions, and earthquakes.

The Taal Volcano, which is located near Metro Manila, has exhibited continuing unrest in recent years. In September 2023, Taal Volcano spewed above average sulfur dioxide and volcanic smog, prompting authorities to close schools in dozens of cities and towns and to urge people to stay indoors. While Taal Volcano is currently classified under Alert Level 1 by the Philippine Institute of Volcanology and Seismology ("PHIVOLCS"), it has continued to exhibit low-level unrest, including intermittent phreatomagmatic explosions and elevated sulfur dioxide emissions recorded through June and July 2026. In addition, in December 2024, Kanlaon Volcano in Negros Island erupted explosively, prompting PHIVOLCS to raise its alert status to Alert Level 3 and to evacuate thousands of residents. Kanlaon Volcano subsequently experienced multiple explosive eruptions and periods of ash emissions in parts of 2025 and 2026. On July 9, 2026, an eruption of Kanlaon Volcano generated ashfall that reached parts of the Visayas, including Cebu. There can be no assurance that the Taal Volcano, Kanlaon Volcano, or other active volcanoes in the Philippines will not experience increased volcanic/seismic activity or erupt in the future.

The Philippines is also subject to frequent typhoons and other severe weather events. In December 2023, Tropical Storm Kabayan/Jelawat brought heavy rains across the Eastern Visayas and Mindanao regions. In July 2024, Typhoon Carina/Gaemi intensified the southwest monsoon, causing severe flooding in Metro Manila and nearby provinces, and from October to November 2024, an unprecedented series of six consecutive tropical cyclones, including Severe Tropical Storm Kristine/Trami and Super Typhoon Pepito/Man-yi, struck Luzon. In July 2025, prolonged monsoon rains enhanced by successive tropical cyclones caused widespread flooding across Luzon. In November 2025, Typhoon Tino/Kalmaegi caused catastrophic flooding in the Visayas, particularly in Cebu, resulting in over 250 fatalities and damage to over 270,000 houses, and was followed within a week by Super Typhoon Uwan/Fung-wong, which made landfall in Aurora province, affected 16 of the country's 18 regions, and displaced over 1.5 million people. Most recently, in July 2026, Typhoon Inday/Bavi enhanced the southwest monsoon, triggering floods and landslides that affected approximately 654,000 people across the country.

The Philippines is also situated in the "Pacific Ring of Fire," a path along the Pacific Ocean characterized by active volcanoes and frequent earthquakes. Recent earthquakes include a 6.7 magnitude earthquake on November 17, 2023 in the province of Sarangani and a 7.4 magnitude earthquake in December 2023 off the coast of Surigao del Sur. More recently, on September 30, 2025, a 6.9 magnitude earthquake struck northern Cebu, causing significant casualties, widespread displacement, and structural damage; on October 10, 2025, a 7.4 magnitude earthquake struck off the coast of Manay, Davao Oriental, followed by a 6.8 magnitude earthquake in the same area later that day, briefly triggering tsunami warnings; and on January 7, 2026, a 6.7 magnitude earthquake struck off the coast of Davao Oriental. According to the National Disaster Risk Reduction and Management Council, the September and October 2025 earthquakes affected over 2.2 million people and damaged more than 190,000 houses in the Visayas and Davao regions.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on its operations. While the Company carries insurance for certain catastrophic events, in amounts and with deductibles that it believes are in line with general industry practices in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in such business, as well as the anticipated future turnover, while remaining liable for any costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the business, financial position and results of operations of the Company.

***Acts of terrorism could destabilize the country and could have a material adverse effect on the Company's business, financial position and results of operations***

The Philippines has experienced incidents of terrorism and armed conflict in certain parts of the country, particularly in the southern Philippines. Over the years, the Philippine Government has conducted security operations against various armed groups, including the Abu Sayyaf, which has been associated with kidnapping and other terrorist activities. These operations have substantially reduced the capabilities of such groups and led to the surrender of many of their members, although certain groups, including local organizations reported to be affiliated with international terrorist networks, remain active in some areas of Mindanao. In December 2023, a bombing incident occurred at the Mindanao State University in Marawi City, resulting in a number of casualties. Since then, security incidents have generally been smaller in scale and localized, and the overall trend of such incidents has been declining.

The Government and the Armed Forces of the Philippines ("AFP") have also engaged with various separatist and insurgent groups over the years, including the New People's Army ("NPA"), whose membership and activities have declined considerably in recent years. With respect to the Moro Islamic Liberation Front ("MILF") and the Moro National Liberation Front ("MNLF"), the peace process under the 2014 Comprehensive Agreement on the Bangsamoro continues to progress through the establishment of the Bangsamoro Autonomous Region in Muslim Mindanao ("BARMM"). The first Bangsamoro Parliament elections, a key milestone in the region's political transition, are scheduled for September 14, 2026, following several postponements. The continued implementation of the peace process is generally viewed as supportive of long-term stability in Mindanao, although delays or setbacks in the transition cannot be ruled out.

While the security situation in the Philippines has generally improved, there can be no assurance that incidents of terrorism or civil disturbance will not occur in the future, or that any such incidents will not affect investment and confidence in, or the performance of, the Philippine economy. Any resulting instability could disrupt the Company's operations and could have a material adverse effect on its business, financial condition, and results of operations.

***Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment***

Competing and overlapping territorial claims by the Philippines, China and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea (the South China Sea has been a source of tension and conflicts for decades). China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine (9)-dash line" and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea ("**UNCLOS**"). In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine (9)-dash line" claim of China is invalid.

Tension in the West Philippine Sea has been triggered by the continued presence of Chinese vessels in the Philippines' exclusive economic zone. The Philippines has filed and continues to file diplomatic protests against China and has called on China to recall its ships in Philippine waters. The Armed Forces of the Philippines has also deployed additional naval vessels to protect the territories of the Philippines. In the first half of 2024, tensions in the West Philippine Sea further escalated as several violent incidents transpired. On March 23, 2024, two (2) Chinese Coast Guard ships assaulted a Philippine Navy supply vessel with water cannons. The incident resulted in the injuries of the Filipino crew members aboard the supply boat. On June 17, 2024, an encounter between the China Coast Guard and the Philippine Navy once again occurred on a resupply mission for the BRP Sierra Madre, which is grounded in Ayungin Shoal. Personnel of the China Coast Guard rammed and boarded vessels of the Philippine Navy, which resulted in massive damage to the navy boats and injuries to Philippine Navy personnel. In April 2024, there was a standoff between the Philippines and China over the Escoda Shoal (also known as Sabina Shoal). Escoda Shoal serves as the rendezvous point for Filipino vessels carrying out resupply missions to the naval outpost in Ayungin Shoal, where the naval outpost BRP Sierra Madre, which is a main flashpoint of tensions between the Philippines and China, has been

around since 1999. In 2024 and early 2025, tensions escalated further as China increased its maritime patrols and aggressive maneuvers against Philippine vessels near Second Thomas Shoal, Scarborough Shoal, and other disputed areas. The Philippines has filed a total of 199 diplomatic protests against China during President Marcos' tenure.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports.

There is no guarantee that tensions will not escalate further or that the territorial disputes among the Philippines and its neighboring countries, especially China, will cease. In an event of escalation, the Philippine economy may be disrupted and the Company's business and financial standing may be adversely affected. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial condition, and results of operations.

***Corporate governance and disclosure standards in the Philippines may differ from those in more developed countries***

There may be less publicly available information about Philippine public companies, including ALX, than is regularly made available by public companies in other countries. In addition, although the Company complies with the requirements of the Philippine SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions.

***Volatility in the value of the Philippine Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company's business***

The value of the Philippine Peso may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Philippine Peso against the U.S. Dollar and other currencies. As of [December 29, 2025], according to the BSP reference exchange rate bulletin, the Philippine Peso was at Php 58.8050 per U.S.$1.00 from Php 58.01 per U.S.$1.00 as of December 27, 2024. As of June 30, 2026, the Philippine Peso was at Php61.229 against the U.S. dollar.

The Company may be adversely affected by fluctuations in foreign exchange rates because vessel acquisitions, vessel components, spare parts, and certain maintenance and repair expenditures are denominated in or influenced by U.S. dollar pricing. As a result, any significant depreciation of the Philippine Peso may increase the cost of acquiring vessels, procuring equipment and spare parts, and undertaking capital expenditures necessary for the operation and expansion of the Company's fleet.

The Company is also exposed to interest rate risk as it utilizes debt financing to support vessel acquisitions and other capital expenditures. Given the capital-intensive nature of the domestic shipping industry, borrowings constitute an important component of the Company's capital structure. Increases in prevailing interest rates may lead to higher borrowing costs, increased debt service obligations, and reduced profitability. In addition, unfavorable conditions in the financial and capital markets may affect the availability and cost of financing required to support fleet acquisitions, vessel modernization, maintenance activities, and other capital requirements.

***Investors may face difficulties enforcing judgments against the Company.***

Considering that the Company is organized under the laws of the Republic of the Philippines, it may be difficult for investors to enforce judgments against the Company obtained outside of the Philippines. In addition, the majority of the Company's directors and officers are residents of the Philippines, and all or a substantial portion of the assets of such persons are located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Philippines is party to the United Nations Convention on Recognition and Enforcement of Foreign Arbitral Awards, but it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, the Philippine Rules of Civil Procedure provide that a final and conclusive judgment of a foreign court is enforceable in the Philippines through an independent action for the enforcement of a foreign judgment or final order, and without re-trial or re-examination of the issues, only if: (i) such judgment was obtained by collusion or fraud, (ii) the foreign court rendering such judgment did not have jurisdiction, (iii) such order or judgment is contrary to good customs, public order, or public policy of the Philippines, (iv) the party against whom the enforcement is sought did not receive notice of the proceedings before the foreign court, or (v) such judgment was based upon a clear mistake of law or fact.

***Developments outside of the Philippines, including U.S. policies related to global trade and tariffs could adversely affect the Company's business and operations***

The current international political environment, including existing and potential changes to U.S. policies related to global trade and tariffs, have resulted in uncertainty surrounding the future state of the global economy. Since 2018, the U.S. began to increase or impose tariffs on many products, particularly from China, including, but not limited to, solar panels, steel and aluminum products, consumer electronics, and industrial chemicals. In response, the European Union, China and other affected jurisdictions have introduced tariffs on U.S. goods. An escalating trade war may have material adverse effects on the power industry and the Company's business may be impacted by these tariffs. Any further expansion in the types or levels of tariffs implemented has the potential to negatively impact the Company's business, financial condition and results of operations. Additionally, there is a risk that the U.S. tariffs on imports are met with tariffs on U.S. produced exports and that a broader trade conflict could ensue, which has the potential to significantly impact global trade and economic conditions. Potential costs and any attendant impact on pricing arising from these tariffs and any further expansion in the types or levels of tariffs implemented could adversely affect the Company's business, financial condition and results of operations. While there are ongoing discussions between the U.S. and China to reduce tariffs in phases, there is no certainty as to the timing and scale of the reduction in tariffs, and overall impact on global markets.

Economic disruption in other countries, even in countries in which we do not currently conduct business or have operations, could also adversely affect the Company's businesses and results. Adverse market and economic conditions continue to create a challenging operating environment for financial services companies. In particular, the impact of interest and currency exchange rates, the risk of geopolitical events, fluctuations in commodity prices and concerns about European stagnation as well as diverging monetary policies among the major economies have affected financial markets and the economy.

In addition to the macroeconomic factors discussed above, other events beyond the Company's control, including terrorist attacks, cyber attacks, military conflicts, economic or political sanctions, disease pandemics, political unrest or natural disasters could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on the Company's businesses and results.

There can be no assurance that the uncertainties affecting global markets will not negatively impact credit markets in Asia, including in the Philippines. These developments may adversely affect trade volumes with potentially negative effects on the Philippines.

Any economic slowdown or deterioration in economic conditions in the Philippines may adversely affect the Company's business and operations in the Philippines. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency, imposition of exchange controls, debt restructuring and electricity shortages and blackouts.

***Public health epidemics, such as the COVID-19 pandemic, and outbreaks of diseases along with measures intended to prevent its spread could have a material adverse effect on the Company's business, results of operations, cash flows and financial condition***

In April 2009, an outbreak of the H1N1 virus, commonly referred to as "swine flu," occurred in Mexico and spread to other countries, including the Philippines. In August 2014, the World Health Organization ("**WHO**") declared the Ebola outbreak that originated in West Africa as an international health emergency in view of the rising death toll due to the disease. That month, a Filipino seaman in Togo was quarantined for exhibiting symptoms of Ebola virus infection but was later released after testing negative for the disease. While still Ebolafree, the Philippines, however, remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of overseas Filipino workers in the Ebola-hit West African countries;(b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In March 2016, the Director-General of WHO terminated the Public Health Emergency of International Concern on the Ebola Virus Disease outbreak.

In February 2015, a Filipina nurse who arrived from Saudi Arabia tested positive for the MERS-CoV (i.e., the Middle East Respiratory Syndrome-Corona virus). She was quarantined, received medical treatment, and later discharged and cleared of the disease by the Department of Health. All known contacts of the said nurse, including some passengers in the same flight that arrived from Saudi Arabia, were also cleared of the infection, putting the country once again free of an active case of the disease.

In March 2016, reports of an American woman who stayed in the Philippines for four weeks in January 2016, tested positive for the Zika virus upon returning home, indicating the local transmission of the disease through the Aedes aegypti mosquito. In May 2016, a South Korean national was reported to have acquired the infection while visiting the Philippines, following earlier reports of two other confirmed cases of the viral infection in the country. All of the patients had recovered, indicating that the Zika viral infection acquired in the country was self-limiting. In August 2017, an outbreak of bird flu from a poultry farm in Central Luzon was confirmed, and the avian influenza strain was later found to be transmissible to humans. In response to the outbreak, restrictions on the transport and sale of birds and poultry products outside a seven-kilometer radius control area surrounding the affected site were imposed. The Philippines has since been cleared of any human infection of the avian influenza virus.

In late 2019, COVID-19, an infectious disease that was first reported to have been transmitted to humans in 2019 has spread globally over the course of 2020, and in March 2020, it was declared as a pandemic by the World Health Organization. While the WHO has declared the COVID-19 pandemic to be over in May 2023, there are still active and recurring cases globally, including in the Philippines. In July 2023, the President of the Philippines issued Presidential Proclamation No. 297 effectively lifting the State of Public Health Emergency throughout the Philippines brought about by the COVID-19 pandemic.

The extent of the impact of COVID-19 on the Philippine economy and the speed and certainty of any economic recovery cannot be predicted for certain, and any new surge in infections may result in stricter quarantine or lockdown measures across provinces, cities and municipalities and may lead to further contraction of the Philippine economy, closure of businesses, and rise in unemployment rates.

Since early May 2022, cases of monkeypox have been reported from countries where the disease is not endemic, and continue to be reported in several endemic countries. In July 2022, WHO Director-General Tedros Adhanom Ghebreyesus declared the ongoing monkeypox outbreak a Public Health Emergency of International Concern.

In 2023, an outbreak of the Nipah virus was reported in India. According to the WHO, patients who contracted the Nipah virus have a 40% to 75% mortality rate depending on the public health response to the virus. In September 2023, the Department of Health confirmed that there are no cases of Nipah virus in the Philippines.

Since 2024, the Philippines has been managing the outbreak of the African Swine Fever ("ASF") in the country. As of December 27, 2024, the National ASF Prevention and Control Program under the country's Department of Agriculture reported that there were 11 regions, 21 provinces, 67 municipalities, and 225 barangays that had active ASF cases. According to the Philippine Department of Agriculture, there was a significant reduction in active cases to 39 barangays in 27 municipalities and 7 regions as of March 14, 2025.

If the outbreak of the Ebola virus, MERS-CoV, Zika virus, bird flu, polio, COVID-19, monkeypox, Nipah virus, or any public health epidemic becomes widespread in the Philippines or increases in severity, it could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition and results of operations.

***The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including the Company***

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("**S&P**"), to BBB+ with stable outlook, while Fitch Ratings ("**Fitch**"), and Moody's Investors Service ("**Moody's**"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On February 28, 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. On May 7, 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to contain the spread of the virus.

In April 2026: (a) S&P's affirmed its rating of BBB+, with a stable outlook, for the Philippines' long-term foreign currency-denominated debt; (b) Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, with a negative outlook; and (c) Moody's affirmed its rating of Baa2, with stable outlook, for the Philippines' long-term foreign currency-denominated debt. As of June 2026, S&P, Fitch, and Moody's have maintained the foregoing ratings.

The Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P, or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

## RISKS RELATING TO THE OFFER AND THE OFFER SHARES

***Upon listing with the PSE, the Common Shares will be subject to PSE rules and regulations, which amendments thereto may adversely affect the Common Shares***

From time to time, the PSE may issue changes to rules and regulations applicable to the Company which may affect the trading of the Common Shares. The PSE has recently proposed amendments to, among others, revise the criteria on what constitutes public and non-public shares by removing "purpose of investment" as a criterion, and categorically characterizing 10% ownership of the outstanding common shares in a listed company as "significant shareholdings". Given this, the shares held by investors that constitute at least 10% of the outstanding common shares in a listed company may now be deemed privately held, regardless of the purpose of such investment in the listed company. This change increases the exposure of the Company to breach the requirement on MPO, which may result in suspension of trading and, if not rectified by the Company, automatic delisting. In turn, this also exposes investors to risks of being unable to trade their shares, and limits the extent of their potential

investments, considering that there is now a proposed quantifiable threshold that may determine whether shares are publicly or privately held.

***The market price of the Common Shares may be volatile, which could cause the value of investors' investments in the Common Shares to decline***

The Philippine securities markets are substantially smaller, less liquid, and more volatile relative to major securities markets in the United States and other jurisdictions, and are not as highly regulated or supervised as some of these other markets are. The Offer Price could differ significantly from the price at which the Common Shares will trade subsequent to completion of the Offer. There is no assurance that investors may sell the Offer Shares at prices or at times deemed appropriate.

The market price of the Common Shares could be affected by several factors, including: volatility in stock market prices and volume; fluctuations in the Company's revenue, cash flow and earnings; general market, political and economic conditions; changes in earnings estimates and recommendations by financial analysts; differences between the Company's actual financial and operating results and those expected by investors and financial analysts; changes in market valuations of listed stocks in general and other retail stocks in particular; the market value of the Company's assets; market news and rumors; changes to Government policy, legislation or regulations; changes in the Company's relationships with regulators; the Company's dividend policy; future sales of the Company's equity or equity-linked securities; and general operational and business risks.

***In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Common Shares***

In part as a result of recent global economic downturns, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these could adversely affect the market price of the Common Shares. There is no assurance that the Company will be able to manage such risk.

The PSE recently announced the immediate effectivity of its guidelines for short selling transactions, following regulatory support by the SEC. Pursuant to this development, investors may opt to take advantage of declining market prices of eligible securities. These eligible securities, however, only includes member companies of the PSE index and exchange traded funds, which criteria may be subject to review and amendment by the PSE from time to time.

***There can be no guarantee that the Offer Shares will be listed on the PSE, or that there will be no regulatory action that could delay or affect the Offer***

Purchasers of the Trading Participants and Retail Offer Shares will be required to pay for such Offer Shares on the Trading Participants and Retail Offer Settlement Date, which is expected to be on or about [December 18, 2026] and purchasers of the Institutional Offer Shares will be required to pay on the Institutional Offer Settlement Date, which is expected to be on or about [December 18, 2026]. There can be no guarantee that listing will occur on the anticipated Listing Date or at all. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares will be illiquid and shareholders may not be able to trade the Offer Shares. This may materially and adversely affect the value of the Offer Shares.

In addition, upon completion of the Offer, the Company's shares will be listed on the Small, Medium, and Emerging ("**SME**") Board of the PSE. There can be no assurance that an active trading market for the Offer Shares will develop or be sustained following the listing. Compared to larger listed companies, securities listed on the SME Board may experience lower trading volumes, reduced analyst coverage, and a smaller investor base. As a result, shareholders may experience reduced liquidity and may find it more difficult to buy or sell shares at desired times or prices. Furthermore, the market price of the Company's shares may be subject to significant fluctuations arising from changes in investor sentiment, trading activity, economic and market conditions, developments affecting the Company or the domestic shipping industry, and other factors beyond the Company's control. Any such fluctuations may adversely affect the market price and liquidity of the Offer Shares.

***The Offer Shares may not be a suitable investment for all investors***

Each prospective investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Company and its business, the merits and risks of investing in the Offer Shares and the information contained in this Prospectus; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for purchasing and receiving dividends on the Offer Shares is different from the potential investor's currency; (iv) understand and (v) be familiar with the behavior of any relevant financial markets; and be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

***Future sales of shares in the public market could adversely affect the prevailing market price of the Common Shares and shareholders may experience dilution in their holdings***

In order to finance the expansion of the Company's business and operations, the Board will consider the funding options available to them at the time, which may include the issuance of new shares. In accordance with the Company's amended Articles of Incorporation, the Company's stockholders have no pre-emptive right to subscribe to any issue or disposition of shares of any class. While the Revised Corporation Code of the Philippines and the listing rules of the PSE provide for some degree of minority shareholders' protection, if additional funds are raised by the Company through the issuance of new equity or equity-linked securities other than on a *pro rata* basis to existing shareholders such as through a share rights offer, the percentage ownership of existing shareholders may be reduced, shareholders may experience subsequent dilution or such securities may have rights, preferences and privileges senior to those of the Offer Shares.

Further, the market price of the Common Shares could decline as a result of future sales of substantial amounts of the Common Shares in the public market or significant sales, including by the Company's shareholders, or the issuance of new shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Common Shares or the Company's ability to raise capital in the future at a time and at a price the Company deems appropriate.

The PSE rules require an applicant company for the SME Board to cause the Company's existing non-public stockholders and their related parties to refrain from selling, assigning, encumbering or in any manner disposing of their shares for a period of one (1) year after the listing of such shares. For purposes of this one-year lockup rules, "non-public stockholders" shall mean the Company's: (i) principal stockholders (*i.e.*, the owner of 10% or more of the issued and outstanding shares); (ii) subsidiaries or affiliates; (iii) directors; (iv) principal officers; and (v) any other person who has substantial influence on how the Company is being managed. On the other hand, the term "related parties" shall mean the non-public stockholder's: (i) principal stockholders (*i.e.*, the owner of 10% or more of the issued and outstanding shares); (ii) subsidiaries or affiliates; (iii) directors; (iv) principal officers; and (v) members of the immediate families sharing the same household of any of its principal stockholders, directors, or principal officers.

In addition, all shares issued or transferred within 180 days prior to the commencement of the offer at an issue price less than the price per offer share shall be subject to a lock-up period of at least 365 days from the date that full payment is made on such common shares, as required by the PSE.

To implement these lockup requirements, the PSE requires the applicant company to lodge the shares with the PDTC through a PCD participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

Moreover, a listed company on the PSE shall be prohibited from offering additional securities, except offerings for stock dividends and employee stock option plans, within 180 calendar days from the date of initial listing.

Except for such restrictions, there is no restriction on the Company's ability to issue Common Shares or the ability of any of the Company's shareholders to dispose of, encumber or pledge, their Common Shares, and there can be no assurance that the Company will not issue shares or that such shareholders will not dispose of, encumber or pledge, their common shares.

***Investors may incur immediate and substantial dilution as a result of purchasing Common Shares in the Offer***

The issue price of the Common Shares in the Offer may be substantially higher than the net tangible book value of net assets per share of the outstanding Common Shares. Therefore, purchasers of Common Shares in the Offer may experience immediate and substantial dilution and the Company's existing shareholders may experience a material increase in the net tangible book value of net assets per share of the Common Shares they own. See the "Dilution" section of this Prospectus.

***The relative volatility and illiquidity of the Philippine securities market may substantially limit investors' ability to sell the Offer Shares at a suitable price or at a time they desire***

The Philippine securities markets are substantially smaller, less liquid, and more volatile relative to major securities markets in the United States and other jurisdictions, and are not as highly regulated or supervised as some of these other markets are. The Offer Price could differ significantly from the price at which the Common Shares will trade subsequent to completion of the Offer. There is no assurance that investors may sell the Offer Shares at prices or at times deemed appropriate.

In recent years, stock markets, including the PSE, have experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. These broad market fluctuations may adversely affect the market price of the Company's Common Shares. There is no assurance that the Company will be able to manage such risk.

***Shareholders may be subject to limitations on minority shareholders' rights and regulations may differ from those in more developed countries***

The Company's corporate affairs are governed by its amended Articles of Incorporation and By-Laws and the Revised Corporation Code of the Philippines. The laws of the Philippines relating to the protection of interests of minority shareholders differ in some respects from those established under the laws of more developed countries. Such differences may mean that the Company's minority shareholders may have less protection than they would have under the laws of more developed countries. The obligation under Philippine law of majority shareholders and directors with respect to minority shareholders may be more limited than those in certain other countries such as the United States or the United Kingdom. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries.

The Revised Corporation Code of the Philippines, however, provides for minimum minority shareholders protection in certain instances wherein a vote by the shareholders representing at least two-thirds of outstanding capital stock is required. The Revised Corporation Code of the Philippines also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. Derivative actions are rarely brought on behalf of companies in the Philippines. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

***Developments in other markets and countries may adversely affect the Philippine economy and, therefore, the market price of the Common Shares***

In the past, the Philippine economy and the securities of Philippine companies have been, to varying degrees, influenced by economic and market conditions in other countries, especially other countries in Southeast Asia, as well as investors' responses to those conditions. Although economic conditions are different in each country, investors' reactions to adverse developments in one country may affect the market price of securities of companies in other countries, including the Philippines. Accordingly, adverse developments in the global economy could lead to a reduction in the demand for, and market

price of, the Common Shares. There is no assurance that the Company will be able to manage such risk.

***The intended use of the proceeds of the Offer may be delayed or may not materialize***

The net proceeds from the sale of the Offer Shares are intended to be used for the purposes and in the manner set out in "Use of Proceeds". In particular, the net proceeds from the sale of the Offer Shares shall be used by the Company on capital expenditure for fleet expansion, development of shipyard facility development and general corporate purposes.

The Company may encounter certain unforeseen events that may delay the commencement of fleet expansion or shipyard facility development. Moreover, the Company's management will have discretion over the detailed use and investment of the net proceeds of the Offer and the Company may not use the proceeds from the sale of the Offer Shares in the exact manner set in the "Use of Proceeds".

## RISKS RELATING TO CERTAIN INFORMATION IN THE PROSPECTUS

***Certain information contained herein is derived from unofficial publications***

Certain information in this Prospectus relating to the Philippines, the industry and market, generally, including statistics relating to market size, is derived from various Government and private publications. This Prospectus also contains industry information which was prepared from available public sources and independent market research conducted by the Center of Research and Communication. The information contained in that section may not be consistent with other information regarding the Company's industry. Similarly, industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by the Company, nor any of their respective affiliates or advisors, and may not be accurate, complete, up to date or consistent with other information compiled within or outside the Philippines. Prospective investors are cautioned accordingly.

# USE OF PROCEEDS

Based on the Offer Price of up to Php 0.67 per Offer Share, the estimated gross proceeds that the Issuer will receive from the Primary Offer Shares will be up to Php 670.00 million and estimates that the net proceeds from the Primary Offer Shares will be approximately Php 640.86 million after deducting the applicable underwriting fees, costs and expenses for the Offer payable by the Company. The Issuer will not receive any proceeds from the sale of the Option Shares by the Selling Shareholder.

The proceeds of the Offer will not be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, money loaned or advanced or otherwise. In addition, no part of the proceeds will be allotted for payment of bank loans of the Company.

The Company intends to use the net proceeds from the Primary Offer, as follows:

| Use of Proceeds | Estimated Amount (Php) | %* | Estimated Timing of Disbursement |
|---|---|---|---|
| Fleet Expansion | 503,714,305 | [78.6%] | Within 1H 2027 |
| Shipyard Facility Development | 91,642,679 | [14.3%] | Within 2H 2027 |
| General corporate purposes | 45,500,911 | [7.1%] | Within 1H 2027 |
| **TOTAL** | **640,857,895** | **100.0%** | |

The Company aims to expand its operational footprint through the planned acquisition of new vessels and construct a shipyard facility to enhance maintenance capabilities and support the Company's growing fleet.

- ***Fleet Expansion***

  The Company intends to acquire two (2) brand new IACS-class RoRoPax vessels from overseas, which are expected to be deployed across its existing and new routes by the second half of 2027. The vessels will be similar in size and configuration to the Company's newest fleet units to ensure compatibility with the operational requirements of the ports it currently serves.

  The acquisition of these vessels will increase the Company's fleet capacity, enabling it to add more trips along its existing routes and accommodate higher passenger and cargo volumes. Increased sailing frequency is also expected to enhance service reliability and trip availability, improving customer convenience while strengthening the Company's presence and competitiveness in its served routes.

- ***Shipyard Facility Development***

  To minimize potential downtime and delays arising from the limited availability of third-party drydocking facilities, the Company plans to develop its own shipyard facility. This will enable the Company to support the maintenance and repair requirements of its growing fleet while improving operational efficiency and vessel turnaround times. The proposed facility will include drydocking infrastructure and related equipment to be operated by a team of trained and skilled technicians. The Company is currently evaluating potential locations of the facility and is concurrently building the technical workforce required to manage and operate the shipyard.

- ***General corporate purposes***

  The Company will use a portion of its IPO proceeds for securing fuel supply, working capital, and for other general corporate purposes.

**Expenses**

Based on the Offer Price of up to Php0.67 per Offer Share, the total proceeds, total expenses, and the net proceeds from the Primary Offer Shares will be:

| | Estimated Amounts |
|---|---|
| Total Proceeds from the Sale of Primary Offer Shares | 670.00 |
| **Estimated Expenses:** | |
| Underwriting fees | 12.34 |
| Selling Fees | 1.34 |
| Legal Counsel Fees | 4.50 |
| Audit Fees | 0.77 |
| Other Professional Fees | 4.60 |
| Documentary stamp taxes | 0.75 |
| SEC registration, research and listing fees | 0.81 |
| PSE listing fee (including 12% VAT) | 0.83 |
| Stock and Transfer and Receiving Agency Fees | 0.80 |
| Share Lock Up Escrow Agency Fees | 0.40 |
| Estimated other expenses | 2.00 |
| **Total Estimated Expenses** | **29.14** |
| **Estimated Net Proceeds from the Primary Offer Shares** | **640.86** |

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts. The estimated expenses set forth in the table above reflect the estimated expenses relating to the sale of the Primary Offer Shares and are presented in this Prospectus for convenience only. The taxes, underwriting, and selling fees pertaining to the sale of the Option Shares will be paid by the Selling Shareholder. In the event that the Over-allotment Option is not exercised, it is deemed cancelled and the filing fee is forfeited. The Company will not receive any proceeds from the sale of shares by the Selling Shareholder.

| | Estimated Amount (in Php, millions) |
|---|---|
| **Total Proceeds from the Sale of Secondary Shares** | 67.00 |
| **Estimated expenses:** | |
| Selling Fees | 0.67 |
| Estimated Taxes to be paid | 0.08 |
| Estimated Crossing of Shares Expenses | 0.39 |
| **Total Estimated Expenses** | 1.13 |
| **Estimated Net Proceeds from the Secondary Offer Shares** | **65.87** |

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts indicated above.

To the extent that the Offer proceeds are insufficient to finance the above-mentioned purposes, additional financing from loans and internally-generated cash flows will be utilized as necessary.

Other than as described above, no part of the net proceeds from the Firm Offer shall be used to acquire assets outside of the ordinary course of business or finance the acquisition of other businesses, or to reimburse any officer, director, employee or shareholder of the Company for services rendered, assets previously transferred, money loaned or advanced, or otherwise. No amount of the net proceeds of the Offer will be lent to any of the Company's Affiliates. The actual amount and timing of disbursement of the net proceeds from the Offer Shares for the uses stated above will depend on various factors which include, among others, changing market conditions or new information regarding the cost or feasibility of the Company's plans. The Company's cost estimates may change as the plans are developed and actual costs may be different from the budgeted costs. To the extent that the net proceeds from the Offer Shares are not immediately applied to the above purposes, the Company may invest the net proceeds in interest-bearing short term demand deposits and/or money market instruments and other short term liquid instruments.

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed in this Prospectus. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans.

In the event of any deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC and the PSE in writing at least thirty (30) days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Company's Board of Directors and disclosed to the PSE. In addition, the Company shall submit via the PSE EDGE the following disclosures to ensure transparency in the use of proceeds:

- Any material disbursements made in connection with the planned use of proceeds from the Offer Shares;
- Quarterly progress report on the application of the proceeds from the Offer Shares on or before the first fifteen (15) days of the following quarter; the quarterly progress reports should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;
- Annual summary of the application of the proceeds on or before January 31 of the following year, which will be certified by the Company's Chief Financial Officer or Treasurer and external auditor; and
- Approval by the Company's board of directors of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least thirty (30) days prior to the said actual disbursement or implementation.

The quarterly and annual reports required in items (b) and (c) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any. The detailed explanation must state the approval of the Company's Board as required in item (d) above. The Company will submit an external auditor's certification on the accuracy of the information reported by the Company to the PSE in its quarterly and annual reports.

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# DIVIDENDS AND DIVIDEND POLICY

**Limitations and Requirements**

Under Philippine law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose.

The Philippine Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

The Philippine Revised Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation, (ii) when distribution is prohibited under any loan agreement with any financial institution or creditor without its consent, and such consent has not been secured, (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies, or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

**Record Date**

Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date of declaration. In case no record date is specified, it is deemed to be fixed at 15 days after the company's declaration. For stock dividends, the record date should not be less than 10 nor more than 30 days from the date of the shareholders' approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC. In case no record date is specified for the cash and stock dividend declaration, then the same shall be deemed fixed at 15 days from such declaration.

Pursuant to the "Amended Rules Governing Pre-emptive and other Subscription Rights and Declaration of Stock and Cash Dividends" of the SEC and the PSE disclosure rules, all cash dividends and stock dividends declared by a company shall be remitted to PDTC for immediate distribution to participants not later than 18 trading days after the record date (the "Payment Date"); provided that in the case of stock dividends, the credit of the stock dividend shall be on the Payment Date which in no case shall be later than the stock dividends' listing date.

**Dividend History**

The Company did not declare any dividends for the years ended December 31, 2023, 2024, and 2025. On March 28, 2026, the Company declared a 50% stock dividend to all stockholders as of record date March 31, 2026.

**Dividend Policy**

Currently, apart from the requirement of law, there are no specific requirements relating to the Company's dividend policy that limits or would likely limit the Company's ability to pay dividends.

The Board is authorized to declare dividends only from the Company's unrestricted retained earnings, and the Board may not declare dividends which will impair the Company's capital. Dividends may be payable in cash, shares or property of the Company, or a combination thereof, as the Board determines.

Dividends to be paid in cash by the Company are subject to approval by a majority of the Board and no further approval from the Company's stockholders is required. Furthermore, declaration and payment of dividends shall follow the rules and guidelines set by the SEC, the PSE and the Revised Corporation Code.

The declaration of stock dividends is subject to the approval of stockholders representing at least two-thirds of the outstanding capital stock. In cases where the stock dividends shall be sourced from an increase in the authorized capital stock of the Company, such increase shall be subject to the required approvals of the SEC for the same. The record date with respect to stock dividends is to be neither less than 10 days nor more than 30 days from the date of stockholders' approval, provided, however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In relation to foreign stockholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP

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# DETERMINATION OF THE OFFER PRICE

The Offer Price is up to Php[0.67] per Offer Share. The final Offer Price will be determined through a book-building process and discussions between the Company and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. Since the Offer Shares have not been listed on any stock exchange prior to the Offer, there has been no market price for the Shares derived from day-to-day trading.

The factors that will be considered in determining the Offer Price are, among others, include the Company's ability to generate earnings, cash flow, and dividends, the Company's short- and long-term prospects, the level of demand from institutional investors, overall market conditions at the time of launch of the Offer and the market prices and earnings multiples of listed comparable companies, with reference to the relevant country's stock market index. The Offer Price does not have any correlation to the book value of the Offer Shares.

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# CAPITALIZATION

The following table sets out the Company's liabilities, shareholders' equity, and capitalization as of June 30, 2026, and as adjusted to reflect the issuance and sale of a total of up to 1,000,000,000 Offer Shares at the Offer Price of up to Php0.67 per Offer Share. The table should be read in conjunction with the Company's audited financial statements and the notes thereto, included in this Prospectus.

Provided below is the Company's Liabilities, Shareholders' Equity, and Capitalization as of June 30, 2026:

| | Actual as of June 30, 2026 Php (Audited) | As Adjusted for the Offer Php (Unaudited) |
|---|---|---|
| TOTAL LIABILITIES | 625,632,963 | 625,632,963 |
| | | |
| **Equity:** | | |
| Capital stock | 26,000,400 | 359,605,339 |
| Additional paid in capital | - | 570,000,000 |
| Deposits for future stock subscription | 220,604,939 | 200 |
| Common stock dividend distributable | 13,000,200 | - |
| Retained earnings | 121,339,437 | 121,339,437 |
| Revaluation surplus | 70,782,923 | 70,782,923 |
| **TOTAL EQUITY** | **451,727,899** | **1,121,727,899** |
| **TOTAL CAPITALIZATION** | **1,077,360,862** | **1,747,360,862** |

For illustration, the following tables show the impact of the increase and subsequent issuance of shares in Par Value and on the Earnings per Share and Book Value per Share as of December 31, 2023, 2024 and 2025 and as of June 30, 2026:

| | Actual as of December 31, 2023 | Actual as of December 31, 2024 | Actual as of December 31, 2025 | Actual as of June 30, 2026 (Php) | Effect of Increase | As Adjusted After Increase (Php) |
|---|---|---|---|---|---|---|
| | | | (Audited) | | | |
| **Authorized shares** | | | | | | |
| Number of shares | 32,000,000 | 32,000,000 | 32,000,000 | 320,000,000 | 9,330,000,000 | 9,650,000,000 |
| Amount | 32,000,000 | 32,000,000 | 32,000,000 | 32,000,000 | 933,000,000 | 965,000,000 |
| Par value per share | 1.00 | 1.00 | 1.00 | 0.10 | 0.10 | 0.10 |
| **Equity** | | | | | | |
| Capital stock | 8,000,000 | 8,000,000 | 26,000,400 | 26,000,400 | 233,605,139 | 259,605,339 |
| Deposit for future stock subscription | - | - | - | 220,604,939 | (220,604,739) | - |
| Common stock dividend distributable | - | - | - | 13,000,200 | (13,000,200) | - |
| Retained earnings (deficit) | (24,260,018) | 22,270,281 | 78,746,508 | 121,339,436 | - | 121,339,436 |
| Revaluation surplus | 79,806,345 | 76,196,976 | 72,587,607 | 70,782,923 | - | 70,782,923 |
| **TOTAL EQUITY** | **63,546,327** | **106,467,257** | **177,334,515** | **451,727,898** | **-** | **451,727,898** |
| Number of shares outstanding | 8,000,000 | 8,000,000 | 26,000,400 | 260,004,000 | - | 2,596,053,390 |
| **Book Value per Share** | **7.94** | **13.31** | **6.82** | **1.74** | **-** | **0.17** |
| **Earnings (loss) per Share** | **(2.49)** | **5.21** | **4.70** | **0.14** | **-** | **0.02** |

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# DILUTION

The Company will offer up to 1,000,000,000 Offer Shares to the public at the Offer Price, which will be higher than the adjusted book value per share of the outstanding Common Shares and which will result in an immediate material dilution of new investors' equity interest in the Company. The tangible book value of the Company, based on its audited financial statements as of June 30, 206 was Php451.73 Million or Php1.74 per share. The book value represents the amount of the Company's total assets less the sum of its liabilities. The Company's net tangible book value per share is computed by dividing the tangible book value by 260,004,000 issued and outstanding Common Shares.

Dilution in pro-forma book value per share to investors of the Offer Shares represents the difference between the Offer Price and the pro-forma book value per Share immediately following the completion of the Offer.

After giving effect to an increase in the Company's total assets to reflect the receipt of the net Offer proceeds of approximately Php640.86 million from the sale of up to 1,000,000,000 Primary Offer Shares at an Offer Price of up to Php0.67 per Offer Share, the Company's net tangible book value will be approximately Php1,121.73 Million or Php0.31 per Common Share. This represents an immediate decrease in the net tangible book value of Php1.43 to existing shareholders and an immediate dilution of Php0.36 per share to investors of the Offer Shares.

The following table illustrates dilution on a per Common Share basis, at the Offer Price of up to Php0.67 per Offer Share:

| **Basis of Dilution of Common Shares** | |
|---|---|
| Offer Price per Offer Share | Php0.67 |
| Net book value per Common Share as of June 30, 2026 | 1.74 |
| Difference in Offer Price per Offer Share and book value per Offer Share as of June 30, 2026 | (1.07) |
| Pro forma net book value per Common Share immediately following the completion of the Offer | 0.31 |
| Dilution in Pro forma net book value per Common Share to investors of the Shares | 0.36 |

The following table sets forth the shareholdings of existing and new shareholders of the Company immediately after completion of the Offer, assuming full exercise of the over-allotment option:

| **Resulting Outstanding Capital Stock After the Offer** | | |
|---|---|---|
| | **Shares** | **%** |
| Existing shareholders | 2,496,054,890 | 69.41% |
| Public | 1,100,000,000 | 30.59% |
| **TOTAL** | 3,596,054,890 | **100.00%** |

The following table sets forth the shareholdings of existing and new shareholders of the Company immediately after completion of the Offer, assuming full exercise of the over-allotment option:

**Resulting Outstanding Capital Stock After the Offer**

| | Pre-IPO | | Post-IPO | |
|---|---|---|---|---|
| **Shareholder** | **No. of Shares Held** | **%** | **No. of Shares Held** | **%** |
| E.B. Aznar Shipping Corp. | 1,000,270,000 | 38.53% | 900,270,000 | 25.03% |
| Tabuelan Sea Transport Inc. | 677,882,730 | 26.11% | 677,882,730 | 18.85% |
| Aznar Strategic Holdings, Inc. | 255,000,000 | 9.82% | 255,000,000 | 7.09% |
| Zoraida C. Aznar | 120,723,660 | 4.65% | 120,723,660 | 3.36% |
| Ma. Theresa S. Aznar | 120,723,660 | 4.65% | 120,723,660 | 3.36% |
| Jocelyn Cecilia A. Beane | 120,723,660 | 4.65% | 120,723,660 | 3.36% |
| Hydie M. Vargas | 85,000,000 | 3.27% | 85,000,000 | 2.36% |
| Kyle Alexander C. Aznar | 75,360,340 | 2.90% | 75,360,340 | 2.10% |
| Katrina Elizabeth C. Aznar | 60,361,840 | 2.33% | 60,361,840 | 1.68% |
| Raul Justino M. Cabatingan | 20,001,500 | 0.77% | 20,001,500 | 0.56% |
| Virgilio Brigido G. Espeleta | 20,001,500 | 0.77% | 20,001,500 | 0.56% |
| Segismundo F. Exaltacion, Jr. | 20,001,500 | 0.77% | 20,001,500 | 0.56% |
| Ferdinand C. Vargas | 20,001,500 | 0.77% | 20,001,500 | 0.56% |
| Euney Marie J. Mata-Perez | 1,500 | 0.00% | 1,500 | 0.00% |
| Felix Taguiam | 1,500 | 0.00% | 1,500 | 0.00% |
| Public | 0 | 0 | 1,100,000,000 | 30.59% |
| **TOTAL** | **2,596,054,890** | **100%** | **3,596,054,890** | **100.00%** |

# MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) AND PLAN OF OPERATION

The following is a discussion and analysis of the Company's historical financial condition and results of operations and certain trends, risks and uncertainties that may affect the Company's business and should be read in conjunction with the independent auditor's reports and the Company reviewed and audited financial statements and notes thereto contained in this Prospectus. The critical accounting policies section discloses certain accounting policies and management judgments that are material to the results of operations and financial condition for the periods presented in this report. The discussion and analysis of the Company's results of operations is presented in three (3) comparative sections: the year ended 2024 compared with the year ended 2023, the year ended 2025 compared with the year ended 2024 and the six (6) months ended June 30, 2026 compared with the six (6) months ended June 30, 2025. Disclosure relating to liquidity and financial condition and the trends, risks and uncertainties that have had or that are expected to affect revenues and income complete the management's discussion and analysis.

Prospective investors should read this discussion and analysis of the Company's financial condition and results of operations in conjunction with the Company's financial statements and the notes thereto set forth elsewhere in this Prospectus.

This discussion contains forward-looking statements and reflects the Company's current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled Risk Factors and elsewhere in this Prospectus.

## FACTORS AFFECTING THE COMPANY'S RESULTS OF OPERATIONS

Prospective investors should read this discussion and analysis of the Company's financial condition and results of operations in conjunction the section entitled "Selected Financial and Operating Information" and with the financial information as of and for the years ended December 31, 2023, 2024, and 2025 and for the six-month period ended June 30, 2026, in each case, including the notes relating thereto, included elsewhere in this Prospectus.

## CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. In order to provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the Company has identified the significant accounting judgments, estimates and assumptions discussed in Note 4 to the Company's audited financial statements included, elsewhere in this Prospectus.

[The main items subject to estimates and assumptions by management include, among others, impairment for allowance of expected credit losses ("**ECL**"), impairment losses on receivables, due from related parties and refundable deposits, estimation of useful lives of property and equipment, and realizability of deferred tax assets.]

While the Company believes that all aspects of its financial statements, including the accounting policies discussed in Note 3 to its audited financial statements should be studied and understood in assessing the Company's current and expected financial condition and results of operations, the Company believes that the significant accounting judgments, estimates and assumptions discussed in Note 4 to the Company's audited financial statements warrant particular attention.

## RESULTS OF OPERATIONS

**Results of Operations for the six-month periods ended June 30, 2026 and June 30, 2025**

| STATEMENTS OF INCOME<br>(All amounts in thousands Philippine Pesos) | | Audited<br>For the six-month periods ended June 30 | | |
|---|---|---|---|---|
| | | **2026** | 2025 | Increase/ (decrease) |
| **REVENUES** | | **210,992** | 100,586 | 110,406 |
| **COST OF SERVICES** | | **(113,757)** | (55,347) | (58,410) |
| **GROSS PROFIT** | | **97,235** | 45,239 | 51,996 |
| **OPERATING EXPENSES** | | **(12,499)** | (5,880) | (6,619) |
| **INTEREST EXPENSE** | | **(18,200)** | (11,632) | (6,568) |
| **INTEREST INCOME** | | **77** | 36 | 41 |
| **OTHER INCOME** | | **36** | 28 | 8 |
| **INCOME BEFORE INCOME TAX** | | **66,649** | 27,791 | 38,858 |
| **INCOME TAX EXPENSE** | | | | |
| Current | | **(13,752)** | (7,031) | (6,721) |
| Deferred | | **289** | 90 | 199 |
| | | **(13,463)** | (6,941) | (6,522) |
| **NET INCOME** | | **53,186** | 20,850 | 32,336 |

***Revenues***

For the six-month period ended June 30, 2026, revenues increased to Php211.0 Million from Php100.6 Million in the same period of 2025, representing an increase of Php110.4 million, or 110%. The substantial growth was primarily attributable to the deployment of the new vessels MV Manoling 6 and MV Alexander 1, which expanded the Company's operating capacity and generated higher passenger and cargo revenues. Revenue growth was also supported by the implementation of fuel surcharges, which increased collections in response to prevailing fuel price conditions.

***Cost of Services and Gross Income Margin***

Cost of services increased to Php113.8 million for the six-month period ended June 30, 2026, from Php55.3 million in the same period of 2025, representing an increase of Php58.4 million, or 106%. The increase was primarily driven by the operations of the newly deployed vessels MV Manoling 6 and MV Alexander 1, which resulted in higher direct operating costs, including crew, maintenance, and voyage-related expenses. In addition, higher fuel prices contributed to the increase in fuel and lubricant costs during the period.

***Operating and Interest Expense***

Operating expenses and interest expense increased during the six-month period ended June 30, 2026, primarily as a result of the Company's expansion following the deployment of MV Manoling 6 and MV Alexander 1. Operating expenses increased to Php12.5 million from Php5.9 million, or 113%, due to higher administrative and operating costs required to support the expanded scale of operations. Meanwhile, interest expense increased to Php18.2 million from Php11.6 million, or 56%, mainly due to higher financing costs associated with borrowings used to fund the acquisition of the new vessels.

**Financial Position as at June 30, 2026 and December 31, 2025**

| STATEMENTS OF FINANCIAL POSITION<br>(All amounts in thousands Philippine Pesos) | | | |
|---|---|---|---|
| | Audited | | |
| | As at | | |
| | **June 30, 2026** | December 31, 2025 | Increase / (Decrease) |
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | **55,915** | 20,423 | 35,492 |
| Trade and other receivables | **23,991** | 23,073 | 918 |
| Inventories | **5,980** | 4,259 | 1,721 |
| Advances to related parties | **54,588** | 87,286 | (32,698) |
| Prepayments and other current assets | **6,169** | 4,019 | 2,150 |
| **Total Current Assets** | **146,643** | 139,060 | 7,583 |
| **Noncurrent Assets** | | | |
| Property and equipment, net | **891,936** | 665,886 | 226,050 |
| Deferred drydocking | **37,554** | 15,659 | 21,895 |
| Intangible asset | **1,188** | 1,175 | 13 |
| Security deposit | **39** | 39 | - |
| **Total Noncurrent Assets** | **930,717** | 682,759 | 247,958 |
| **Total Assets** | **1,077,360** | 821,819 | 255,541 |
| | | | |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts and other payables | **40,003** | 15,142 | 24,861 |
| Current portion of loans payable | **91,057** | 59,548 | 31,509 |
| Advances from related parties – current portion | **3,100** | 3,100 | - |
| Income tax payable | **11,326** | 15,557 | (4,230) |
| **Total Current Liabilities** | **145,487** | 93,347 | 52,140 |
| **Noncurrent Liabilities** | | | |
| Noncurrent portion of loans payable | **390,828** | 473,417 | (82,589) |
| Advances from related parties, net of current portion | **64,964** | **-** | 64,964 |
| Retirement liability | **1,325** | 1,011 | 314 |
| Deposit for future stock subscription | - | 52,790 | (52,790) |
| Deferred tax liability, net | **23,029** | 23,919 | (890) |
| **Total Noncurrent Liabilities** | **480,146** | 551,137 | (70,991) |
| **Total Liabilities** | **625,633** | 644,484 | (18,851) |
| **Equity** | | | |
| Share capital | **26,000** | 26,000 | - |
| Deposit for future stock subscription | **220,605** | **-** | 220,605 |
| Common stock dividend distributable | **13,000** | **-** | 13,000 |
| Retained earnings | **121,339** | 78,747 | 42,592 |
| Revaluation surplus | **70,783** | 72,588 | (1,805) |
| **Total Equity** | **451,727** | 177,335 | 274,392 |
| | **1,077,360** | 821,819 | 255,541 |

***Assets***

Total assets increased to Php1.08 billion as of June 30, 2026, from Php821.8 million as of December 31, 2025, representing an increase of Php255.5 million, or 31.1%. The increase was primarily attributable to the acquisition of certain RoRoPax vessels from affiliated companies through asset-for-share swap transactions, which significantly strengthened the Company's asset base and expanded its operating capacity.

***Liabilities***

Total liabilities decreased to Php625.6 million as of June 30, 2026, from Php644.5 million as of December 31, 2025, representing a decrease of Php18.9 million, or 2.9%. The decrease was primarily attributable to the Company's continued debt servicing and scheduled repayments of outstanding borrowings during the period, partially offset by additional financing obtained in connection with the Company's expanded operations.

***Stockholders' Equity***

Total equity increased to Php451.7 million as of June 30, 2026, from Php177.3 million as of December 31, 2025, representing an increase of Php274.4 million, or 154.7%. The significant increase was primarily attributable to the issuance of shares in exchange for certain RoRoPax vessel assets acquired from affiliated companies through asset-for-share swap transactions, additional capital infusions from shareholders, and the Company's earnings generated during the period.

**Statements of Cash Flows for the six-month periods ended June 30, 2026 and June 30, 2025**

| **STATEMENTS OF CASH FLOWS**<br>(All amounts in thousands Philippine Pesos) | Audited<br>For the six-month periods ended June 30 | | |
|---|---|---|---|
| | 2026 | 2025 | Increase / (Decrease) |
| Net cash provided operating activities | 104,202 | 14,461 | 89,741 |
| Net cash used in investing activities | (29,759) | (35,388) | 5,629 |
| Net cash provided by (used in) financing activities | (38,951) | 29,235 | (68,186) |
| NET INCREASE IN CASH | 35,492 | 8,308 | 27,184 |
| CASH AT JANUARY 1 | 20,423 | 20,847 | (424) |
| CASH AT END OF THE PERIOD | 55,915 | 29,155 | 26,760 |

**Results of Operations for the years ended December 31, 2025 and December 31, 2024**

| STATEMENTS OF INCOME<br>(All amounts in thousands Philippine Pesos) | | | |
|---|---|---|---|
| | Audited | | |
| | For the years ended December 31 | | |
| | 2025 | 2024 | Increase/ (decrease) |
| **REVENUES** | **223,866** | **219,300** | **4,566** |
| **COST OF SERVICES** | (113,049) | (144,568) | 31,519 |
| **GROSS PROFIT** | **110,817** | **74,732** | **36,085** |
| **OPERATING EXPENSES** | (17,131) | (3,228) | (13,903) |
| **INTEREST EXPENSES** | (24,928) | (24,510) | (418) |
| **INTEREST INCOME** | 92 | 3 | 89 |
| **OTHER INCOME** | 45 | - | 45 |
| **INCOME BEFORE INCOME TAX** | **68,895** | **46,997** | **21,898** |
| **INCOME TAX EXPENSE** | | | |
| Current | (17,411) | (5,376) | (12,035) |
| Deferred | 180 | 96 | 84 |
| | (17,231) | (5,280) | (11,951) |
| **INCOME FOR THE YEAR** | **51,664** | **41,717** | **9,947** |

***Revenues***

Revenues increased by 2.1%, or Php4.6 million, to Php223.9 million in 2025 from Php219.3 million in 2024. The increase was achieved despite operational disruptions during the latter part of the year. Beginning in October 2025 through early December, trip frequencies on the Bantayan and Palompon routes were reduced due to road closures and damaged bridges following the 6.9-magnitude earthquake that struck Cebu in September 2025. Operations were further affected by widespread flooding brought by Typhoon Tino (international name: Kalmaegi), which resulted in severe traffic congestion and adversely affected operations on the Danao and Tabuelan routes. Despite these disruptions, the Company was able to maintain overall revenue growth compared with the prior year.

***Cost of Services and Gross Income Margin***

Cost of services decreased by 21.8%, or Php31.5 million, to Php113.0 million in 2025 from Php144.6 million in 2024. The decrease was primarily attributable to lower fuel and lubricant costs of approximately Php19.0 million, mainly due to the reduction in the number of trips operated during the year. In addition, approximately Php9.0 million in mooring and arrastre fees were reclassified from cost of services to operating expenses, which further contributed to the decrease in reported cost of services.

As a result, gross profit increased by 48.3%, or Php36.1 million, to Php110.8 million in 2025 from Php74.7 million in 2024. Gross profit margin likewise improved to 49.5% in 2025 from 34.1% in 2024, primarily reflecting the reduction in fuel and lubricant costs and the aforementioned reclassification of expenses.

***Operating and Interest Expense***

Operating expenses increased by Php13.9 million, from Php3.2 million in 2024 to Php17.1 million in 2025. The increase was primarily attributable to the reclassification of approximately Php9.0 million in mooring and arrastre fees from cost of services to operating expenses. The remaining increase was mainly due to higher other operating expenses incurred during the year.

Interest expense increased slightly by Php0.4 million, or 1.7%, to Php24.9 million in 2025 from Php24.5 million in 2024, primarily reflecting the Company's higher borrowings during the year to finance the acquisition of two brand-new vessels.

***Net Income***

Net income in 2025 is 23.8% higher than 2024 level due to the reduction in the cost of services.

**Financial Position as at December 31, 2025 and December 31, 2024**

| STATEMENTS OF FINANCIAL POSITION<br>(All amounts in thousands Philippine Pesos) | | | |
|---|---|---|---|
| | Audited | | |
| | As at December 31 | | |
| | 2025 | 2024 | Increase/ (Decrease) |
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | 20,423 | 20,847 | (424) |
| Trade and other receivables | 23,073 | 10,421 | 12,652 |
| Inventories | 4,259 | 3,343 | 916 |
| Advances to related parties | 87,286 | - | 87,286 |
| Prepayments and other current assets | 4,019 | 3,851 | 168 |
| **Total Current Assets** | **139,060** | **38,462** | **100,598** |
| **Noncurrent Assets** | | | |
| Property and equipment, net | 665,886 | 347,934 | 317,952 |
| Deferred drydocking | 15,659 | 12,105 | 3,554 |
| Intangible asset | 1,175 | - | 1,175 |
| Security deposit | 39 | 39 | - |
| **Total Noncurrent Assets** | **682,759** | **360,078** | **322,681** |
| **TOTAL ASSETS** | **821,819** | **398,540** | **423,279** |
| | | | |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts and other payables | 15,142 | 26,954 | (11,812) |
| Current portion of loans payable Loans payable, current | 59,548 | 36,586 | 22,962 |
| Advances from related parties | 3,100 | 448 | 2,652 |
| Income tax payable | 15,557 | 3,611 | 11,946 |
| **Total Current Liabilities** | **93,347** | **67,599** | **25,748** |
| **Noncurrent Liabilities** | | | |
| Noncurrent portion of loans payable Loans payable, net of current | 473,417 | 198,786 | 274,631 |
| Retirement liability | 1,011 | 386 | 625 |
| Deposit for stock subscription | 52,790 | - | 52,790 |

| | | | |
|---|---|---|---|
| Deferred tax liability | 23,919 | 25,302 | (1,383) |
| **Total Noncurrent Liabilities** | **551,137** | **224,474** | **326,663** |
| **Total Liabilities** | **644,484** | **292,073** | **352,411** |
| **EQUITY** | | | |
| Share Capital | 26,000 | 8,000 | **18,000** |
| Retained earnings | 78,747 | 22,270 | **56,477** |
| Revaluation surplus | 72,588 | 76,197 | **(3,609)** |
| **Total Equity** | **177,335** | **106,467** | **70,868** |
| **TOTAL LIABILITIES AND EQUITY** | **821,819** | **398,540** | **423,279** |

***Assets***

Total assets increased by 106.2%, or approximately Php423.3 million, in 2025 compared with 2024. The increase was primarily driven by the acquisition of two brand-new vessels, which resulted in a significant increase in the Company's property and equipment. The Company also made an initial investment in its affiliate, ASSC, to finance the study, permitting and registration, and initial development of its drydocking facilities.

In addition, as part of its marketing and customer relationship program, the Company offered 30-day credit terms to selected customers with regular rolling cargo transactions. This initiative strengthened customer relationships, supported business growth, and attracted additional accounts. As a result, trade and other receivables increased by Php12.7 million, or 121.4%, compared with 2024.

***Liabilities***

Total liabilities increased by 120.7%, or approximately Php352.4 million, in 2025 compared with 2024. The increase was primarily attributable to additional bank borrowings obtained to finance the acquisition of two brand-new vessels. As a result, total loans payable increased by approximately Php297.6 million during the year.

***Stockholders' Equity***

Total stockholders' equity increased by 66.6%, or approximately Php70.9 million, in 2025 compared with 2024. The increase was primarily driven by the Company's net income of Php51.7 million for the year and the subscription of Php18.0 million in additional shares by the stockholders. These increases were partly offset by a Php3.6 million decrease in revaluation surplus.

**Statements of Cash Flows for the years ended December 31, 2025 vs December 31, 2024**

| STATEMENTS OF CASH FLOWS<br>(All amounts in thousands Philippine Pesos) | Audited<br>For the years ended December 31 | | |
|---|---|---|---|
| | 2025 | 2024 | Increase / (Decrease) |
| Net cash provided operating activities | 88,946 | 105,116 | (16,170) |
| Net cash used in investing activities | (139,121) | (1,719) | (137,402) |
| Net cash provided by (used in) financing activities | 49,751 | (85,779) | 135,530 |
| NET INCREASE (DECREASE) IN CASH | (424) | 17,618 | (18,042) |
| CASH AT JANUARY 1 | 20,847 | 3,229 | 17,618 |
| CASH AT END OF THE PERIOD | 20,423 | 20,847 | (424) |

**Results of Operations for the years ended December 31, 2024 vs December 31, 2023**

| STATEMENTS OF INCOME<br>(All amounts in thousands Philippine Pesos) | Audited<br>For the years ended December 31 | | |
|---|---|---|---|
| | 2024 | 2023 | Increase/ (decrease) |
| **REVENUES** | **219,300** | **59,146** | **160,154** |
| **COST OF SERVICE** | (144,568) | (59,964) | (84,604) |
| **GROSS PROFIT (LOSS)** | **74,732** | **(818)** | **75,550** |
| **OPERATING EXPENSE** | (3,228) | (1,230) | (1,998) |
| **INTEREST EXPENSE** | (24,510) | (17,865) | (6,645) |
| **INTEREST INCOME** | 3 | 7 | (4) |
| **INCOME (LOSS) BEFORE INCOME TAX** | **46,997** | **(19,906)** | **66,903** |
| **INCOME TAX EXPENSE** | | | |
| Current | (5,376) | - | (5,376) |
| Deferred | 96 | - | 96 |
| | (5,280) | - | (5,280) |
| **INCOME (LOSS) FOR THE YEAR** | **41,717** | **(19,906)** | **61,623** |

***Revenues***

Total revenues in 2024 increased by 270.8%, or approximately 3.7 times, compared with 2023, primarily due to the addition of the fourth vessel, Manoling 6, which is approximately twice the size of the Company's earlier vessels. Likewise, Manoling 5, which was added to the fleet during the latter part of 2024, began contributing to revenues during the year, with its first full-year contribution reflected in 2025.

***Cost of Service***

In 2024, cost of services improved to 66% of revenues from 101% in 2023, reflecting improved operating efficiency following the introduction of newer vessels. The newer vessels demonstrated better fuel efficiency, with fuel costs accounting for approximately 32% of revenues compared with 48% in 2023. Likewise, the newer vessels were able to carry more cargo, resulting in a lower percentage of direct costs relative to revenues.

***Operating and interest expenses***

Operating expenses increased by approximately Php2.0 million in 2024 compared with 2023, primarily attributable to increases in salaries of approximately Php324 thousand, retirement expenses of approximately Php386 thousand, and other operating expenses of approximately Php1.0 million. Interest expense also increased by approximately Php6.6 million, primarily due to additional borrowings obtained to finance the acquisition of Manoling 5 and Manoling 6.

***Net Income***

Net income in 2024 improved significantly from a net loss of Php19.9 million in 2023 to net income of Php41.7 million in 2024, representing an improvement of approximately Php61.6 million. The turnaround was primarily driven by the substantial increase in revenues and improved operating efficiency following the introduction of newer and more fuel-efficient vessels. The higher cargo-carrying capacity of the newer vessels also contributed to improved revenue generation and overall profitability.

**Financial Position as at December 31, 2024 vs December 31, 2023**

| STATEMENTS OF FINANCIAL POSITION<br>(All amounts in thousands Philippine Pesos) | Audited | | |
|---|---|---|---|
| | As at December 31 | | |
| | 2024 | 2023 | Increase/ (Decrease) |
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | 20,847 | 3,229 | 17,618 |
| Trade and other receivables | 10,421 | - | 10,421 |
| Fuel Inventory | 3,343 | - | 3,343 |
| Prepayments and other current assets | 3,851 | 210 | 3,641 |
| **Total Current Assets** | **38,462** | **3,439** | **35,023** |
| **Noncurrent Assets** | | | |
| Property and equipment, net | 347,934 | 363,036 | (15,102) |
| Deferred drydocking | 12,105 | 23,309 | (11,204) |
| Security deposit | 39 | - | 39 |

| | | | |
|---|---|---|---|
| **Total Noncurrent Assets** | **360,078** | **386,345** | **(26,267)** |
| **TOTAL ASSETS** | **398,540** | **389,784** | **8,756** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts and other payables | 26,954 | 1,451 | 25,503 |
| Loans payable, current | 36,586 | 38,909 | (2,323) |
| Advances from related parties | 448 | 51,487 | (51,039) |
| Income tax payable | 3,611 | - | 3,611 |
| **Total Current Liabilities** | **67,599** | **91,847** | **(24,248)** |
| **Noncurrent Liabilities** | | | |
| Loans payable, net of current | 198,786 | 207,789 | (9,003) |
| Retirement liability | 386 | - | 386 |
| Deferred tax liability | 25,302 | 26,602 | (1,300) |
| **Total Noncurrent Liabilities** | **224,474** | **234,391** | **(9,917)** |
| **Total Liabilities** | **292,073** | **326,238** | **(34,165)** |
| **EQUITY** | | | |
| Share Capital | 8,000 | 8,000 | - |
| Retained earnings | 22,270 | (24,260) | 46,530 |
| Revaluation surplus | 76,197 | 79,806 | (3,609) |
| **Total Equity** | **106,467** | **63,546** | **42,921** |
| **TOTAL LIABILITIES AND EQUITY** | **398,540** | **389,784** | **8,756** |

***Assets***

Total assets increased by 2.2%, or Php8.8 million, in 2024 from Php389.8 million in 2023 to Php398.5 million. The increase was primarily attributable to higher cash balances, trade and other receivables, and fuel inventory, which more than offset the decrease in property and equipment and deferred drydocking costs. Cash increased by Php17.62 million, while trade and other receivables and fuel inventory increased by Php10.4 million and Php3.3 million, respectively. These increases were partly offset by a Php15.1 million decrease in property and equipment, primarily due to depreciation, and a Php11.2 million decrease in deferred drydocking costs as previously capitalized amounts were amortized.

***Liabilities***

Total liabilities decreased by 10.5%, or Php34.2 million, from Php326.2 million in 2023 to Php292.0 million in 2024. The decrease was mainly attributable to the Php51.0 million reduction in advances from related parties, together with a Php9.0 million decrease in the noncurrent portion of loans payable and a Php1.3 million decrease in deferred tax liabilities. These reductions were partly offset by a Php25.5 million increase in accounts and other payables.

***Stockholders' Equity***

Total stockholders' equity increased by 67.5%, or Php42.9 million, from Php63.5 million in 2023 to Php106.5 million in 2024. The increase was primarily driven by the Company's Php41.7 million net income for 2024, which increased retained earnings from a deficit of Php24.3 million to Php22.3 million. The revaluation surplus decreased by Php3.6 million during the year.

**Statements of Cash Flows for the years ended December 31, 2024 vs December 31, 2023**

| STATEMENTS OF CASH FLOWS (All amounts in thousands Philippine Pesos) | For the years ended December 31 | | |
|---|---|---|---|
| | 2024 | 2023 | Increase / (Decrease) |
| Net cash provided operating activities | 105,116 | 10,517 | 94,599 |
| Net cash used in investing activities | (1,719) | (116,854) | 115,135 |
| Net cash provided by (used in) financing activities | (85,779) | 105,472 | (191,251) |
| NET INCREASE (DECREASE) IN CASH | 17,618 | (865) | 18,483 |
| CASH AT JANUARY 1 | 3,229 | 4,094 | (865) |
| CASH AT END OF THE PERIOD | 20,847 | 3,229 | 17,618 |

**KEY PERFORMANCE INDICATORS**

The Company's KPI as of the year ended December 31, 2023, 2024, 2025, and the period ending March 31, 2026 are listed below:

| Key Financial And Operating Ratios | For the years ended December 31, | | | For the six three months ended June 30 | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2026 | 2025 |
| Current Ratio[1] | 1.5 | 0.6 | 0.04 | 1.0 | 0.6 |
| Debt to Equity Ratio[2] | 3.6 | 2.7 | 5.1 | 1.4 | 3.6 |
| Gross Profit Margin (%)[3] | 49.5% | 34.1% | (1.4%) | 46.1% | 45.0% |
| Before Tax Return on Sales (%)[4] | 41.9% | 32.6% | (3.5%) | 40.2% | 39.2% |
| Earnings per Share in Philippine Pesos [5] | 0.5 | 0.5 | (2.5) | 0.14 | 0.17 |
| Earnings before Interest, Taxes, Depreciation & Amortization in thousands Philippine Pesos[6] | 121,208 | 99,532 | 11,584 | 103,116 | 52,412 |
| Return on Equity[7] | 36.4% | 49.1% | (59.3)% | 16.9% | 17.8% |

**FINANCIAL RISK DISCLOSURE**

As of date of this Prospectus, the Issuer has not spent on any research/development activities.

The Company is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.

The Company is not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

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# INDUSTRY OVERVIEW

This section contains information concerning the shipping industry in the Philippines, including certain financial information of certain competitors of the Company, which is sourced from their respective public filings and which includes certain and unreviewed financials. None of the Company nor the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners makes any representation as to the accuracy or completeness of this information. This information has not been independently verified by the Company nor the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and should not be unduly relied on.

The information should not be relied upon in making, or refraining from making, any investment decision. The Industry Overview includes forecasts and other forward-looking estimates. These forward-looking statements are necessarily based on various assumptions and estimates that are inherently subject to various risks and uncertainties relating to possible invalidity of the underlying assumptions and estimates and possible changes or development of social, economic, business, industry, market, legal, government, and regulatory circumstances and conditions and actions taken or omitted to be taken by others. Actual results and future events could differ materially from such forecasts. Investors should not place undue reliance on such statements, or on the ability of any party to accurately predict future industry trends or performance.

**The Philippine Economy**

The Philippine economy enters the period covered by this study under cyclical pressure rather than structural decline. After averaging 6.4% growth from 2010 to 2019, the economy followed a volatile recovery from the 2020 pandemic and was disrupted again by the 2022 Ukraine war. Growth remained at 5.7% in 2024–2025 before slowing sharply to around 3%–4% in the final quarter of 2025 due to lower government spending and weaker consumer sentiment, and further to 2.9% in the first quarter of 2026. The immediate source of pressure is energy. With around 80% of Asia's crude oil passing through the Strait of Hormuz, military escalation between the United States and Iran pushed Asia-bound oil prices from US$60–70 per barrel to nearly US$170. As a result, Philippine inflation rose from an average of 1.7% in 2025 to 7.2% in April 2026, while the peso weakened beyond Php60 per US dollar. The Bangko Sentral ng Pilipinas consequently ended its easing cycle and raised the policy rate.

These conditions place added pressure on domestic shipping and shipbuilding and ship repair. Shipping operators face higher bunker fuel costs, more expensive imported maintenance parts, and higher borrowing costs at a time when fleet modernisation is already overdue. This leaves many firms dependent on older, less fuel-efficient vessels with higher daily maintenance requirements. At the same time, tighter monetary conditions weaken manufacturing, construction, and consumer credit, reducing demand for inter-island cargo. Shipbuilding and ship repair firms face a similar squeeze because their long project cycles and dependence on short-term construction financing make rising interest rates and raw-material costs especially damaging to yard margins.

Despite these pressures, the slowdown is expected to be temporary. The IMF projects growth of 4.1% in 2026 and 6.1% in 2027. The need to move passengers, essential goods, and industrial commodities across the archipelago remains, while shipbuilding demand may strengthen as Middle East disruptions lengthen global order books. Regional trends also support the study's focus on the Visayas. Of 149 PPA-accredited domestic shipping lines in 2024, 37.58% were based in the Visayas, with Region VII accounting for 41 lines. Moreover, Region VI, the Negros Island Region, Region XIII, Region XI, and Region X all grew faster than the national benchmark of 4.40% between 2024 and 2025. The corridors examined in this study are therefore located in some of the country's fastest-growing regions despite the broader national slowdown.

**Domestic Shipping Industry**

This section applies the Structure–Conduct–Performance (SCP) framework to examine the competitive position of Aznar Shipping Corporation within the Philippine domestic shipping industry. It assesses how industry fragmentation, regional concentration, ownership patterns, port access, and route specialization shape the strategies and financial performance of shipping operators. Particular attention is given to the role of regional carriers in the Visayas, where secondary ports and short cross-channel routes provide an alternative to the large trunk corridors dominated by national operators.

The analysis shows that the industry combines a large number of small, single-proprietor operators with a smaller group of corporate carriers that control much of the country's passenger and cargo capacity. Within this structure, Aznar operates as a Tier 2 regional specialist serving freight-oriented routes between Cebu, Negros, and Leyte. Its position reflects broader changes in the industry, including declining port concentration, the growing use of secondary terminals for vehicle and rolling-cargo traffic, and uneven performance across firms and regions. These developments create opportunities for operators that can combine efficient route selection, disciplined pricing, and strong regional market knowledge.

**Structure**

The Philippine domestic shipping industry is characterized as highly fragmented yet regionally concentrated with the following characteristics:

- Of the 2,737 accredited domestic shipping entities, 76% are single proprietorships operating small vessels, often within short-haul or feeder routes, while the remaining 24% are corporate entities dominating long-haul and high-volume routes.

- Aznar Shipping Corporation belongs to the Cebu-based corporate cohort that anchors the Visayan network. As of 2024 it held P389 million in assets and operated eight vessels in cargo and RoPax service, calling at Cebu, Leyte, Negros Oriental, and Bantayan Island, and serving domestic travellers, foreign and domestic tourists, and traders. Ownership is closely held—65.38% by Aznar Properties Management Inc., with the balance distributed among family shareholders—a structure shared with the other Visayan shipping companies (i.e., Cokaliong, the two Gothong companies, Lite Shipping).

- Aznar Shipping Corporation functions as a strategic cross-channel operator. It has operated along RoRo corridors from minor Cebu sub-ports (Tabuelan) to Escalante (northern Negros Occidental) and Danao (Cebu sub-port) to Isabel (Leyte). This is materially different from many Cebu City liner networks (i.e., Cokaliong, Gothong, and Lite Shipping) with Aznar bypassing Cebu Base Port congestion.

- A handful of major operators (i.e., 2GO, Chelsea Logistics, Montenegro, Lite Ferries, MCC Transport, and Cokaliong) control a significant share of total cargo and passenger capacity, particularly along the Manila–Cebu–Davao trade corridor.

- Port concentration has declined in recent years. Data from the Cebu Port Authority (CPA) and Philippine Ports Authority (PPA) show a decrease in the Herfindahl–Hirschman Index (HHI) from 2018–2020, indicating greater competition across ports and operators.

- Infrastructure access remains uneven. The country has 526 ports under PPA, complemented by private and local ports. Aside from ports under PPA, there are non-PPA ports as well. The Visayas, with Cebu as its hub, has emerged as the most dynamic inter-island network, linking Luzon's industrial zones with Mindanao's agricultural markets.

**Conduct**

Industry conduct reflects diverse strategic models, varying by firm scale and route specialization:

- Tier 1 which carriers (e.g., 2GO, Chelsea, Montenegro) operate nationwide liner and RoRo services, often with vertically integrated logistics networks; tier 2 which carriers (e.g., Aznar Shipping, Lite Ferries, Cokaliong) focus on regional routes in the Visayas and Northern Mindanao, offering regular RoRo and fast-craft operations and tier 3 which carriers serve specialized cargo markets, including petroleum, dry bulk, and construction materials.

- Aznar is a Tier 2 regional specialist, operating alongside Lapu-Lapu Shipping, Gabisan, Philstone, and Villa Shipping. Tier 2 operators provide the last-mile connectivity linking primary to secondary ports, servicing routes that are not commercially viable for larger carriers but are viable at their scale.

- The destination ports indicate a freight-weighted business. Isabel hosts the Leyte Industrial Development Estate, and Escalante anchors the northern Negros sugar and agricultural belt. Both are industrial and agricultural cargo generators rather than tourism destinations.

- Across the industry, operational strategy turns on chartering (voyage, time, and bareboat) to optimize fleet utilization and cash flow; route differentiation and scheduling efficiency; and pricing discipline, where freight-focused carriers consistently outperform passenger-dominant ones.

- Port concentration has declined over roughly seven years, with two independent datasets pointing the same way. PIDS (Discussion Paper Series 2023-12), drawing on Cebu Port Authority records, found the Herfindahl index falling for both cargo and passenger movements between 2018 and 2020. This study extends the analysis to the national PPA port network for 2023–2025. The two methods cover different port systems and are not directly comparable in level, but both point toward a broadening of competition across the port network.

- Concentration is measured using the Herfindahl-Hirschman Index (HHI). Applied to port traffic, a higher HHI indicates that traffic is becoming more concentrated in a smaller number of ports, while a lower HHI indicates that traffic is more evenly distributed across a larger number of ports.

- Passenger traffic is consolidating into fewer port areas (Table 28). Concentration rose in ten areas between 2023 and 2025 — Batangas, Bohol, Mindoro, Bicol, Misamis Oriental/Cagayan de Oro, Marinduque/Quezon, Surigao, Western Leyte/Biliran, Negros Occidental/Bacolod/Banago/[Bredco], and Masbate — against declines in six: Panay/Guimaras, Zamboanga, Misamis Occidental/Ozamiz, Zamboanga del Norte, North Harbor, and Eastern Leyte/Samar. Negros Oriental/Siquijor, Palawan, Agusan, and Lanao del Norte were broadly unchanged.

- Vehicle traffic is moving the opposite way, spreading across more ports — though one area is bucking that trend sharply (Table 29). Concentration fell in eleven areas (i.e., Panay/Guimaras, Negros Occidental, Batangas, Mindoro, Bicol, Marinduque/Quezon, Misamis Occidental/Ozamiz, Lanao del Norte/Iligan, Bohol, Zamboanga, and Agusan) while rising in eight (i.e., Davao, Eastern Leyte/Samar, Negros Oriental/Siquijor, Surigao, Western Leyte/Biliran, Misamis Oriental/Cagayan de Oro, Masbate, and Zamboanga del Norte).

- Passenger traffic is becoming more concentrated in major ports, while vehicles and rolling cargo are increasingly using smaller, secondary ports. This trend benefits operators serving short routes between minor terminals rather than those focused mainly on major trunk routes.

**Performance**

Industry performance indicators demonstrate both **resilience and concentration of growth** in the Visayas and Mindanao regions:

- Container traffic (2023-2025): Average growth of 6.75%, with Manila retaining a 62% average market share but Cebu and Mindanao gaining momentum (11% and 12% average market share respectively).
- Total cargo throughput (2023–2025): Averaged 361 million metric tons, distributed as Luzon (42%), Visayas (35%), Mindanao (23%). Domestic cargo throughput dominated by Cebu at 35.11% followed by Visayas at 29.21%.
- RoRo traffic (2023-2025): Expanded 9.84% underscoring the efficiency gains from roll-on/roll-off integration across island economies.
- Passenger traffic: Steady growth and sustained momentum in Visayas and Cebu. Together, they capture 60% of the total passenger traffic.

RoRo activities recorded sustained growth reflecting increasing economic integration:

- Key Luzon-linked corridors like Batangas, Bohol, Mindoro, Bicol, Zamboanga, Misamis Occidental/Ozamiz, and Marinduque/Quezon are experiencing declining HHI's. This may imply these areas remain as attractive markets with these ports having increasingly available market space for firms to enter and compete within RoRo vehicle services (see Table 29).

- Surigao, Negros Oriental/Siquijor, Western Leyte/Biliran, Masbate, and Eastern Leyte/Samar, exhibit increasing HHI values, suggesting a decline in the intensity of competition. This can imply that fewer firms are already cornering a sizable portion of the RoRo vehicle market served by these RoRo ports. Moreover, those who have established presence in these ports (see Table 29).

- Meanwhile, the HHI in North Harbor and Palawan posted only minimal changes, indicating that the competition intensities in these ports remained relatively the same.

- Other terminal ports (OTP) — likely very small municipal LGU-owned and -managed ports — have markedly higher and rising concentration in the RoRo transport of vehicles and passengers than either privately-owned ports (PP) or government-owned base ports (BP) under the Philippine Ports Authority (PPA) (see Table 30).

- Areas with privately-owned ports have high entry barriers and possibly have higher possibilities of competitive response against potential entrants. Assuming the status quo in the areas where these private ports operate (i.e., no competitive response against new entrants).

Financially, profitability remains heterogeneous:

- In Tier 1, MCC Transport is the clear winner. It has sustained double-digit margins, efficient asset turnover, and strong returns on equity.

- Montenegro and Gothong maintain stable profitability, while 2GO and Chelsea Logistics exhibit volatility.

- Debt-to-asset ratios for large firms range from 0.6–0.9, suggesting moderate to high dependence on external financing.

- Among the Cebu cargo and RoRo family houses — Cokaliong, Lite Shipping, Gothong Southern, and Carlos A. Gothong — Aznar records the highest return on assets in 2024 despite holding a lower gross margin than three of the four.

**Key Findings**

The SCP analysis underscores a maturing but unevenly structured industry where consolidation, modernization, and infrastructure investment are necessary to unlock full potential. Key findings include:

- Structural fragmentation constrains efficiency, yet declining port concentration signals growing competition and entry opportunities.
- Strategic conduct increasingly emphasizes vertical integration, logistics partnerships, and digital scheduling systems to improve utilization.
- Performance disparities persist, with Tier 1 carriers achieving scale efficiency while smaller operators struggle with financing and compliance.
- Policy alignment with the Public Service Act (RA 11659) and Maritime Industry Development Plan (MIDP) is crucial to encourage foreign investment, green shipping, and vessel modernization.

**Shipbuilding and Ship Repair Industry**

This section applies the Structure–Conduct–Performance framework to examine the Philippine shipbuilding and ship repair industry and the position of Seafront Shipyard within it. The analysis considers how market concentration, regional clustering, ownership patterns, capital requirements, regulatory oversight, and access to skilled labor influence the strategies and performance of shipyards.

Particular attention is given to the coexistence of large export-oriented facilities and smaller domestic yards serving inter-island shipping, fishing, offshore, and government vessels.

The industry is moderately concentrated, with major shipbuilding and repair activities clustered in Cebu, Batangas, Subic, and Bataan. Within this structure, Seafront Shipyard represents an emerging domestic player focused on repair, retrofitting, and specialized vessel services. Its development reflects broader trends in the sector, including growing demand for fleet modernization and higher-value marine services. However, the industry's expansion remains constrained by high capital requirements, dependence on imported inputs, uneven technology adoption, shortages of skilled workers, and fragmented regulatory processes.

**Structure**

The SBSR industry is moderately concentrated, with a small number of large, export-oriented yards complemented by a wide base of medium and small-scale domestic facilities.

- As of 2024, MARINA registered 134 shipyards, distributed primarily across Region IX (Zamboanga), Region VII (Cebu), Region IV-A (Batangas), and Region III (Bataan and Subic).
- The sector comprises Class A shipyards (large export-oriented facilities such as Tsuneishi Heavy Industries Cebu, Keppel Subic, and Herma Shipyard) and Class B/C shipyards that cater to domestic shipping lines, fishing vessels, and coastal operators. Class A shipyards are primarily in Region III (Subic and Bataan), Region IV-A (Batangas), Region VI (Iloilo), Region VII (Cebu) and Region VIII (Tacloban). Meanwhile Region IX (Zamboanga), NCR and Region III recorded a number of Class C shipyards.
- Industry capacity is spatially concentrated in Cebu and Batangas, forming regional industrial clusters that support vessel construction, retrofitting, and maintenance.
- Seafront Shipyard in Batangas has emerged as a key growth player, focusing on repair, retrofitting, and offshore support vessels, reflecting the sector's gradual modernization and shift toward higher-value services.
- Ownership structure remains a blend of foreign-led joint ventures (e.g., Tsuneishi, Keppel) and Filipino family-owned firms (Herma, Seafront, Philippine Iron Construction and Marine Works), highlighting both international participation and local entrepreneurship.

**Conduct**

Industry conduct reflects dual operating models aligned with firm size and market orientation:

- Export-oriented yards engage in long-term international contracts, building bulk carriers, tankers, and container vessels for global clients.
- Domestic-oriented yards specialize in ship repair, retrofitting, and small-scale vessel construction, servicing inter-island shipping lines, fishing fleets, and government projects.
- Seafront Shipyard represents a model of modernization, offering integrated retrofitting services and expanding into offshore and specialized vessel repair.
- Technology adoption remains uneven—large yards operate with advanced fabrication and automation systems, while smaller ones rely on manual, labor-intensive processes.
- The labor structure is heavily skill-dependent: the industry employs thousands of workers, but faces shortages in welders, marine engineers, and naval architects.
- Regulatory oversight is divided among MARINA, the Department of Trade and Industry (DTI), and the Board of Investments (BOI), creating overlapping mandates that can delay certification and investment approvals.

From a competitive standpoint, the SBSR sector remains cost-competitive in labor but constrained by high power costs, logistics inefficiencies, and limited domestic steel supply. Despite these challenges, its strategic proximity to regional shipping lanes, technical workforce, and growing retrofitting demand provide strong prospects for expansion.

**Performance**

The performance of the SBSR industry reflects both resilience and unrealized potential:

- The Philippines consistently ranks among the top five shipbuilding nations, contributing over USD 1.5 billion annually in exports (pre-pandemic levels).
- Ship repair activities remain robust, supported by domestic operators' fleet renewal and foreign vessels docking in Cebu, Batangas, and Subic for maintenance.
- Export-oriented yards (e.g., Tsuneishi, Keppel) maintain stable performance due to long-term contracts, while smaller domestic yards experience volatility linked to local shipping demand and financing availability.
- Capital intensity remains high: establishing a mid-sized shipyard can require investments ranging from P500 million to P1.5 billion, limiting entry for new players.
- Local value addition remains limited, as key inputs such as steel plates, engines, and marine electronics are still imported.
- Workforce productivity remains strong but constrained by skill mismatches and the migration of trained workers to overseas shipyards.

**Key Findings**

The SCP analysis highlights that while the SBSR sector's structure supports a competitive mix of domestic and foreign players, its conduct and performance are hindered by regulatory fragmentation, input dependency, and capital barriers. Strategic interventions can unlock its potential as a pillar industry for maritime industrialization.

Key findings include:

- Moderate concentration with regional clusters—Cebu and Batangas are the core hubs for ship repair and construction.
- Dual market structure—export-oriented shipyards coexist with small domestic repair yards serving inter-island fleets.
- High capital and regulatory barriers—entry and modernization require large-scale financing and multi-agency clearances.
- Untapped potential for local value chains—increasing domestic steel production and component manufacturing can boost competitiveness.
- Emerging modernization trends—exemplified by Seafront Shipyard's retrofitting and offshore service expansion.

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# BUSINESS

## OVERVIEW

ALX is a Cebu-based domestic shipping operator and a member of the Aznar Group, a diversified conglomerate with over three (3) decades of experience in the shipping industry. The Group has business interests in shipping, real estate, mining, security services, and other business ventures in Cebu Established by Atty. Alexander S. Aznar, the Company is principally engaged in the provision of short-haul inter-island sea transportation services for rolling cargo and vehicles, primarily serving feeder routes across the Visayas. The Company also provides passenger transportation services through select vessels capable of carrying both passengers and cargo on the same voyage. Building on the Aznar Group's maritime heritage, the Company was established as the Group's flagship company for its cargo and vehicle sea transport operations.

The Company was registered with the SEC on January 22, 2016 as “Guardians Four Aces Corporation”, with the primary purpose to own and operate ships and/or motor vessels for carriage of passengers and cargoes which includes 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 in such of transportation business. Additionally, the Company is authorized to engage in ship management business. On March 2, 2026, the SEC approved the change in its corporate name to “Aznar Shipping Corporation”.

ALX commenced cargo shipping operations in February 2016 with a single vessel serving the Tabuelan, Cebu–Escalante, Negros Occidental route, and subsequently expanded its fleet through a series of vessel acquisitions, resulting in five (5) operating vessels by 2025.

In 2026, pursuant to the Group's fleet rationalization strategy, ALX acquired certain RoRoPax vessels from Shipping Affiliates through asset-for-share swap transactions. These transactions increased the Company's fleet to ten (10) vessels, strengthening its carrying capacity and operational scale and enabling it to serve a larger volume of cargo and rolling vehicles across its service network.

As of the date of this Prospectus, the Company owns ten (10) operating vessels consisting of four (4) RoRo vessels and six (6) RoRoPax vessels. The fleet serves short-haul inter-island routes and is compatible with the port infrastructure of the Visayas Region

The Company believes that the Visayas region presents attractive opportunities for domestic shipping operators due to its strategic location, strong inter-island trade flows, and sustained demand for transportation services. Consistent with this strategy, the Company focuses on feeder routes connecting ports across Cebu, Leyte, Panay and Negros Occidental. Management believes that these routes are well suited to the vessel types operated by the Company, taking into account prevailing port infrastructure, draft restrictions, and route economics.

As of the date of this Prospectus, the Company operates five (5) primary routes and ten (10) ports of call within the provinces of Cebu, Leyte, Panay and Negros Occidental. Through these ports, the Company serves a diverse customer base that includes logistics providers, trucking companies, distributors, construction firms, bus operators, businesses, and individual travelers.

The Company derives revenue from two (2) business segments:

1. ***Cargo Transport Services***

   The Company transports rolling cargo and vehicles through its RoRo and RoRoPax vessels. These include trucks, buses, private vehicles, motorcycles, trailers, heavy equipment, and other forms of rolling cargo transported between islands. Cargo is driven directly onto and off the vessels through built-in ramps, providing an efficient and cost-effective mode of inter-island transportation for logistics providers, businesses, and other commercial customers.

2. ***Passenger Transport services provided through its RoRoPax vessels***

The Company provides passenger transportation services through its RoRoPax vessels, which are designed to accommodate both passengers and rolling cargo on the same voyage. Passengers include individuals accompanying transported vehicles, as well as walk-in travelers travelling for business, employment, personal, or leisure purposes. Passenger transport services complement the Company's cargo operations and contribute to inter-island mobility within its service areas.

Cargo services constitute the Company's primary revenue driver, accounting for 88.87%, 91.79%, 90.71%, and 85.6% of total revenues for the years ended December 31, 2023, 2024, and 2025, and for the six (6) months ended June 30, 2026, respectively. This reflects the broader scope of the Company's cargo operations, which are conducted across its fleet, compared to passenger transport services, which are limited to its RoRoPax vessels. On the other hand, Passenger Transport Services accounted for 11.13%, 8.21%, 9.29%, and 14.4% of total revenues for the years ended December 31, 2023, 2024, and 2025, and for the six (6) months ended June 30, 2026, respectively. As of the date of this Prospectus, six (6) out of the ten (10) ALX vessels are capable of transporting passengers. Passenger services contributed the balance and provide a complementary source of revenue and vessel utilization on routes served by RoRoPax vessels. This cargo-led profile is supported by more than 100 regular cargo customers, with no single cargo customer accounting for more than 10% of cargo revenue.

The Company commenced vessel chartering services this year, as a complementary business line to its core cargo and passenger transportation operations. As part of the Aznar Group's fleet rationalization strategy, the Company acquired Melrivic 1, 2, and 7 and Manoling 2 from EBASCO and TSTI, and subsequently chartered these vessels back to such Shipping Affiliates.

For a detailed discussion of the Company's vessel fleet, sailing routes, and services, please refer to the *Operations* section of this Prospectus.

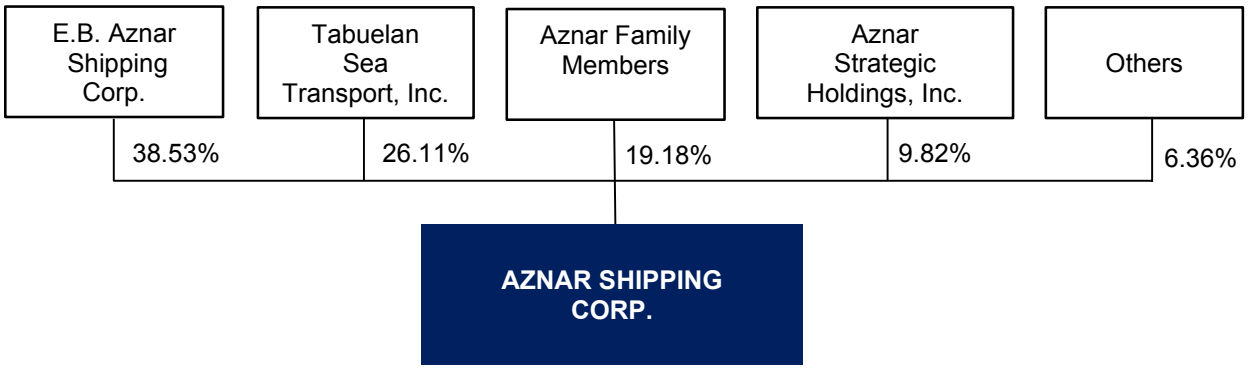
The Company's growth in cargo and passenger transportation services has been supported by the expansion of its fleet, route network, and operating capacity, resulting in significant improvements in its operating and financial performance. From 2023 to 2025, revenues increased from Php59.15 Million to Php223.87 Million, representing a CAGR of approximately 94.5%. During the same period, the Company achieved a turnaround in profitability, reversing a net loss of Php19.91 Million in 2023 and recording net income of Php41.72 Million and Php51.66 Million in 2024 and 2025, respectively.

Management believes that these results reflect the successful execution of the Company's expansion strategy, driven by fleet growth, increased carrying capacity, improved fleet utilization, and the development of its inter-island route network. These initiatives have strengthened the Company's operating scale and enhanced its ability to serve the transportation requirements of businesses, logistics providers, and travelers across its service areas.

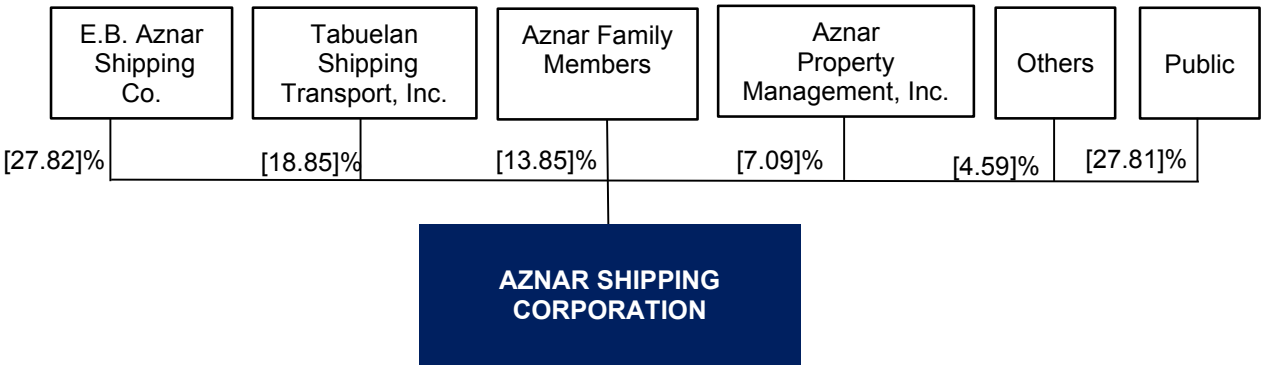
## CORPORATE STRUCTURE

The diagrams below illustrate Aznar's current and post IPO corporate structure:

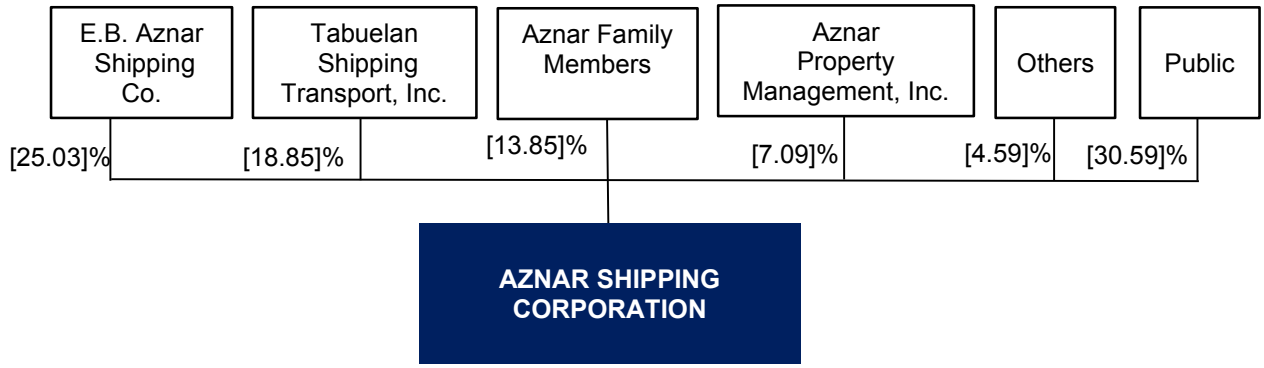
*A. Pre-IPO Corporate Structure*



*B. Post-IPO Corporate Structure assuming the Overallotment Option is not exercised*




*C. Post-IPO Corporate Structure assuming the Overallotment Option is exercised*




## KEY AFFILIATES

ALX is a member of the Aznar Group, a diversified conglomerate with interests in shipping, real estate, mining, security services, and other business ventures in Cebu. The Company's key affiliates within the Group are as follows:

- ***E.B. Aznar Shipping Co. ("EBASCO")***

  EBASCO was incorporated on December 11, 1992. Its primary purpose is to operate ships and/or motor vessels for carriage of passenger and cargo to and from any port of entry within the jurisdiction of the Philippines. As of the date of this Prospectus, EBASCO is duly registered with the SEC.

- ***Tabuelan Shipping Transport, Inc. ("TSTI")***

  TSTI was incorporated on July 19, 2016. Its primary purpose is to operate ships and/or motor vessels for carriage of passenger and cargo to and from any port of entry within the jurisdiction of the Philippines, and to engage in the ship management business. As of the date of this Prospectus, TSTI is duly registered with the SEC.

While not an affiliate, Aznar Shipyard is a member of the Aznar Group that, when operational, is expected to play a crucial role in the Company's shipping operations by providing repair, maintenance and drydocking operations. Aznar Shipyard was incorporated on October 31, 2025. Its primary purpose is to act as general agent on behalf of its clients to handle cargo operations, husbandry matters, bunkering, dry dockings, new ship buildings, Sales and Purchase, Ship Pollution Response Organization, and ship supplies. As of the date of this prospectus, Aznar Shipyard is not yet operational.

## HISTORY AND MILESTONES

Aznar Shipping Corp. is a Philippine inter-island shipping company operating RORO, passenger, and support vessels across key routes in Cebu, Negros, and Leyte. The company traces its roots to a family's early ventures in inter-island trade in the early 1990s, when rising demand for coal haulage led to the acquisition of its first vessel — a frequent, active operator along the Cebu–Negros corridor. Over the years, the group shifted its focus toward serving emerging sub-ports across the Visayas, a pivot that set the direction for the company operating today. Aznar Shipping Corp. formally began operations in 2016, and currently operates as part of a broader holding structure spanning businesses engaged in shipping, quarrying, and allied services.

**History and Milestones**

- **Early 1990s** — The Aznar group acquired its first vessel to serve coal-shipping demand along the Cebu–Negros route, initially organized around roll-on roll-off (RORO) and cargo shipping.
- **1993–1997** — The Aznar group's fleet expansion opens routes connecting Tuburan, Danao, and Carmen to Isabel, Leyte; cargo and fast-craft vessels added via a sister company; a bus service introduced to complement vessel schedules.
- **2000–2001** — Cargo operations were phased out; remaining cargo vessels sold as the group refocuses on RORO and passenger shipping.
- **Early–mid 2000s** — The route network grew to include Hagnaya, Toledo City, and Danao City routes connecting to Bantayan, San Carlos City, and the Camotes Islands; affiliate companies organized to manage the expanding route network.
- **2005** — Two additional vessels added to strengthen existing routes.
- **2016 —** Aznar Shipping Corp**.** (formerly: Guardian Four Aces Corporation) was incorporated on January 22, 2016. A new vessel begins serving the Danao–Isabel route; a newly built 616-gross-tonnage RORO/passenger vessel enters service on the Tabuelan–Escalante route, marking the first purpose-built vessel under the modern Aznar Shipping identity. Company leadership transitions to a new generation
- **2021** — MELRIVIC 11 was rebuilt and renamed MANOLING 2 which was then returned to service on the Danao–Isabel route.
- **2022** — A new vessel acquired for the Tabuelan–Escalante route to meet growing demand for construction materials, equipment, and agricultural cargo.
- **2023** — A formal family constitution is signed; the company's first independent, professional board members are sworn in; the business begins operating under a holding company structure spanning shipping, quarrying, management, and security subsidiaries.
- **December 2023** — Inauguration of MANOLING 5, the first vessel purchased under the guidance of the professional board.
- **2025** — Purchase and launching of MANOLING 6
- **2026** — Two additional vessels, ALEXANDER 1 and MANOLING 7, were added to the fleet to cater to the increasing demand in the RORO-Cargo operations.

## OPERATIONS

### *ALX Services*

The Company's business model is based on deploying fit-for-purpose RoRo and RoRoPax vessels on short-haul routes where frequency, reliability, route convenience and port access are the principal drivers of demand. The Company's services are grouped into the two (2) business segments:

#### *1. Cargo and Vehicle Transport Services*

The Company's RoRo and RoRoPax vessels transport trucks, truck tractors, buses, private vehicles, motorcycles, heavy equipment, and other forms of rolling cargo. Such cargo is driven directly onto and off the vessels through built-in ramps, enabling faster loading and unloading operations and reducing the need for conventional cargo-handling equipment, arrastre and stevedoring services, warehouse storage, and multiple transfers between land and sea transportation. This service provides a cost-efficient and reliable means of transporting cargo and vehicles between islands, supporting supply chains and commercial activity within the Company's service areas.

Cargo services constitute the Company's primary revenue driver, accounting for 88.87%, 91.79%, 90.71%, and 85.63% of total revenues for the years ended December 31, 2023, 2024, and 2025, and for the six (6) months ended June 30, 2026, respectively. This reflects the broader scope of the Company's cargo operations, which are conducted across its fleet, compared to passenger transport services, which are limited to its RoRoPax vessels. The cargo segment also benefits from sustained demand for the inter-island movement of vehicles and rolling cargo, supported by trade, logistics, and commercial activity within the Company's service areas.

#### *2. Passenger Transport Services*

The Company provides passenger transportation services through its RoRoPax vessels, which are designed to accommodate both passengers and rolling cargo on the same voyage. Passengers include travelers accompanying buses, motorcycles, and private vehicles transported on the Company's vessels, as well as walk-in passengers travelling for business, employment, personal, or leisure purposes. Passenger services complement the Company's cargo operations, enhance vessel utilization, and support tourism, regional connectivity, and community mobility across the Visayas.

This segment accounted for 11.13%, 8.21%, 9.29%, and 14.37% of total revenues for the years ended December 31, 2023, 2024, and 2025, and for the six (6) months ended June 30, 2026, respectively. As of the date of this Prospectus, six (6) of the Company's vessels are capable of transporting passengers.

The Company commenced vessel chartering services this year, as a complementary business line to its core cargo and passenger transportation operations. As part of the Aznar Group's fleet rationalization strategy, the Company acquired certain vessels from Shipping Affiliates and subsequently chartered four (4) of these vessels back to such affiliates to support their continuing operations. The Company chartered three (3) vessels, Melrivic 1, Melrivic 2, and Melrivic 7 to EBASCO and one (1) vessel, Manoling 2, is currently chartered to TSTI under written related-party charter agreements.

Said agreements are both for a period of one (1) year commencing on July 1, 2026. This arrangement includes monthly payments per vessel corresponding to "Charter Hire" fees, being made to the Company. During the term of the Agreement, the charterers shall have full possession, command, navigation, operation, and control of the respective vessels, and shall be deemed as the owner *pro hac vice* of the same, subject to such other terms on possession and control provided in the agreements.

These arrangements are intended to generate a complementary income stream, support fleet utilization and diversify ALX from direct route operations and route-specific market or regulatory exposure. Nonetheless, the Group intends to focus its future vessel acquisitions and new route development through ALX subject to investment feasibility, as further outlined in the *Plans and Prospects* section of

this Prospectus. Chartering services will be ancillary to the Company's principal business of inter-island cargo, vehicle, and passenger transportation.

Beyond serving individual passengers and vehicle owners, the Company's vessels are relied upon by major logistics companies and commercial enterprises that depend on short-distance sea transport to move goods efficiently between islands. By serving a diverse customer base that includes logistics providers, trucking companies, distributors, construction firms, businesses, and individual travelers, the Company balances its revenue streams, maximizes fleet utilization, and remains resilient to changes in market conditions. For a detailed breakdown of the Company's customer base, please refer to the *Customers* section of this Prospectus.

**ALX OPERATIONS**

**Cargo and Vehicle Transport Services**










**Passenger Transport Services**







***ALX Vessel Fleet***

As of the date of this Prospectus, the Company owns ten (10) operating vessels consisting of four (4) RoRo vessels and six (6) RoRoPax vessels. The fleet serves short-haul inter-island routes and is compatible with the port infrastructure of the Visayas Region.

The following are the details of the Company's vessels:

| Vessel | Year built | Date of Last Drydocking | Gross Tonnage | Type | Year acquired |
|---|---|---|---|---|---|
| 1. Manoling 1 | 2016 | March 2026 | 795 | ROROPax | 2016 |
| 2. Manoling 3 | 2020 | September 2025 | 1598 | RORO | 2021 |
| 3. Manoling 5 | 2017 | August 2026 | 820 | RORO | 2023 |
| 4. Manoling 6 | 2025 | Brand new vessel | 2,337 | RORO | 2025 |
| 5. Alexander 1 | 2025 | Brand new vessel | 2,179 | ROROPax | 2025 |
| 6. Manoling 7 | 2026 | Brand new vessel | 2,337 | RORO | 2026 |
| 7. Manoling 2 | 2016 | October 2025 | 616 | ROROPax | 2026 |
| 8. Melrivic 2 | 1975 | April 2024 | 334 | ROROPax | 2026 |
| 9. Melrivic 1 | 1967 (rebuilt in 2011) | October 2024 | 321 | ROROPax | 2026 |
| 10. Melrivic 7 | 1965 (rebuilt 1997) | June 2025 | 506 | ROROPax | 2026 |

The Company's Alexander 1 is classed by a member of the IACS, signifying compliance with internationally recognized standards for vessel design, construction, and maintenance. By virtue of this classification, the vessel has also been granted Pioneer Status by the MARINA, which provides non-transferable route protection within a 15-kilometer radius for six (6) years on its authorized route, together with certain regulatory incentives intended to encourage investments in internationally classified vessels.

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## THE ALX FLEET




**Manoling 1**




**Manoling 3**




**Manoling 5**



**Manoling 6**



**Alexander 1**




**Manoling 7**



**Manoling 2**




**Melrivic 2**



**Melrivic 1**



**Melrivic 7**

The Company believes that the Visayas region presents attractive opportunities for domestic shipping operators due to its strategic location, strong inter-island trade flows, and sustained demand for transportation services. Consistent with this strategy, the Company focuses on feeder routes connecting ports across Cebu, Leyte, Panay and Negros Occidental. Management believes that these routes are well suited to the vessel types operated by the Company, taking into account prevailing port infrastructure, draft restrictions, and route economics.

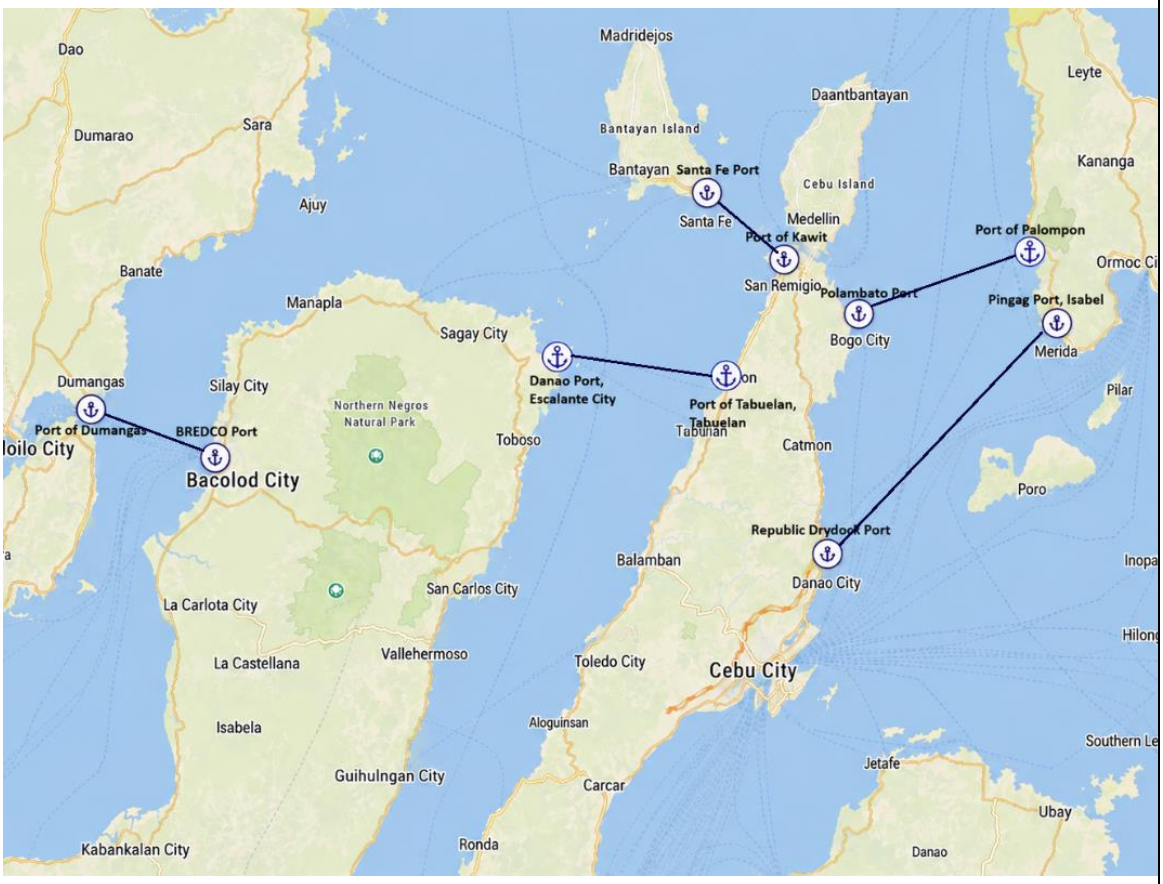
***ALX Sailing Routes***

As of the date of this Prospectus, the Company operates five (5) major inter-island routes and ten (10) ports of call and serves a diverse customer base that includes logistics providers, trucking companies, distributors, construction firms, bus operators, businesses, and individual travelers.

| Route | Ports of Call | | Distance in Nautical Miles | Average Travel Time Per Way (In Hours) | Servicing Vessels |
|---|---|---|---|---|---|
| 1. Tabuelan v.v. Escalante | Port of Tabuelan (Tabuelan, Cebu) | Danao Port (Escalante City, Negros Occidental) | 20 | 2.50 | Manoling 5/ Manoling 6/ Manoling 3 |
| 2. Danao v.v. Isabel | Republic Drydock Port (Danao City, Cebu) | Pingag Port (Isabel, Leyte) | 36 | 3.00 | Manoling 2/ Alexander 1 |
| 3. Bogo v.v. Palompon | Polambato Port (Bogo, Cebu) | Port of Palompon (Palompon, Leyte) | 25 | 2.50 | Melrivic 1/ Melrivic 7 |
| 4. Medallin (Kawit) v.v. Bantayan (Santa Fe) | Port of Kawit (Medellin, Cebu) | Santa Fe Port (Bantayan Island, Cebu) | 9 | 1.00 | Melrivic 1/ Melrivic 2/ Melrivic 7 |
| 5. Bacolod v.v. Dumangas | [BREDCO Port (Bacolod City)] | Port of Dumangas (Dumangas, Iloilo)] | 16 | 2.00 | Manoling 7/ Manoling 1 |

**Manoling 2, and Melrivics 1, 2 and 7 vessels are chartered by the Shipping Affiliates from ALX.*

**ALX ROUTE MAP OF OPERATIONS**




***Drydocking and Vessel Maintenance***

As part of its vessel maintenance program and in compliance with applicable maritime regulations, the Company's vessels undergo periodic drydocking to maintain seaworthiness, safety standards, and operational reliability. Drydocking involves the inspection, repair, maintenance, and certification of vessels and is required periodically by the MARINA to ensure continued compliance with regulatory and safety requirements.

The Company typically conducts drydocking activities every 30 months, depending on regulatory requirements and the operating condition of the vessel. Drydocking may take approximately two (2) to three (3) months to complete, during which time a vessel is temporarily removed from service. To minimize disruptions, the Company strategically schedules drydocking activities based on route demand, vessel deployment requirements, and seasonal traffic patterns. Management seeks to avoid drydocking during peak travel periods and maintains sufficient fleet capacity to continue servicing its routes while vessels undergo maintenance.

As of the date of this Prospectus, the Company does not have any vessels scheduled for drydocking in 2026. The next scheduled drydocking activities are expected to occur in 2027, consistent with the Company's maintenance planning and regulatory requirements. Management also seeks to stagger drydocking schedules across its fleet to maintain service continuity and minimize disruptions to route operations.

In addition to mandatory drydocking, the Company implements preventive maintenance programs designed to preserve vessel reliability and reduce the likelihood of unscheduled repairs. These activities include routine inspections, regular servicing of vessel machinery and equipment, monthly preventive maintenance activities, hull cleaning, and the maintenance of inventories of critical spare parts.

The Company currently relies on third-party shipyards and drydocking facilities for its maintenance requirements. Its principal drydocking service providers include shipyards in Cebu, Leyte and Bohol that possess the facilities necessary to accommodate the Company's vessels. Management believes that effective planning of drydocking schedules and preventive maintenance activities contributes to vessel availability, operational efficiency, and service reliability across the Company's route network.

***Ticketing and Booking Services***

The Company provides both online and onsite ticketing services for its cargo and passenger transportation operations. Passenger tickets and vehicle bookings may be purchased through ticketing offices located at the Company's ports of call, as well as through an online booking platform that allows customers to reserve and manage trips electronically.

The Company's online booking system is operated through a third-party technology provider and is integrated with its port-based ticketing operations, enabling real-time monitoring of bookings and voyage capacity. Customers who book online receive digital confirmations, while passenger verification and boarding are facilitated through QR code-based processing at the port. The platform also allows the Company to manage booking allocations between advance reservations and walk-in customers.

Management believes that the availability of both online and onsite ticketing channels enhances customer convenience and operational efficiency. The online platform is particularly beneficial for regular passengers and commercial customers that require advance trip planning, while onsite ticketing services continue to accommodate walk-in travelers and vehicle operators. As of the date of this Prospectus, the Company maintains ticketing and operational personnel in each of its ports of call to support booking, passenger processing, and customer service requirements.

***Fuel Management and Operational Efficiency***

The Company implements various operational measures to improve efficiency and manage costs, particularly fuel consumption, which is one of its largest operating expenses. To monitor fuel usage, the Company utilizes a tank scale method that measures fuel requirements and consumption on a per-voyage basis and requires crews to maintain fuel consumption logs for every trip. The Company also undertakes preventive maintenance activities, including hull cleaning and engine servicing, to improve fuel efficiency and preserve vessel performance.

To support operational oversight, the Company utilizes a real-time management dashboard that monitors key operating metrics, including revenues, voyage schedules, trip frequency, vessel utilization, cancellations, and other performance indicators. Management believes that these initiatives contribute to improved fuel efficiency, enhanced operational visibility, and more effective fleet utilization across its route network.

***Credit and Collection***

Historically, the Company conducted the majority of its transactions on a cash basis. To better serve the requirements of corporate clients, the Company recently introduced credit arrangements for select cargo customers, primarily logistics providers, trucking companies, distributors, and other businesses that utilize its cargo transportation services on a recurring basis. Passenger transportation services continue to be conducted on a cash or prepaid basis through the Company's ticketing and booking channels. Credit terms for qualified cargo customers generally range from 30 to 45 days and are granted based on the customer's creditworthiness, transaction history, and operational requirements.

The availability of credit terms provides greater convenience to commercial customers, particularly logistics providers and trucking companies, by allowing transactions to be settled through centralized corporate billing arrangements rather than requiring drivers to carry cash for voyage payments. The Company believes that this arrangement improves operational efficiency for its cargo customers and supports the development of long-term customer relationships.

The Company maintains collection and monitoring procedures for its receivables, including the review of outstanding balances and aging schedules. As of the date of this Prospectus, the Company does not have significant customer concentration and serves a diversified customer base across its cargo transportation operations. The introduction of credit terms supports the continued utilization of the Company's services while addressing the evolving payment preferences of its commercial clientele.

***Customers***

The Company's clientele consists primarily of logistics providers, trucking companies, distributors, construction firms, bus operators, fuel suppliers, retailers, and other commercial enterprises that require reliable inter-island transportation services for the movement of cargo and vehicles. The Company also serves individual customers transporting private vehicles and motorcycles, as well as passengers travelling for business, employment, personal, and leisure purposes.

The Company's cargo transportation business serves more than one hundred (100) regular customers and transports a wide range of rolling cargo, including trucks, buses, fuel tankers, delivery vehicles, cement carriers, heavy equipment, and other commercial vehicles. Some of the regular customers of the Company are Petrofuel, DRRT Trucking, and Isulan Trucking. Major commodities transported through the Company's route network include fuel products, cement, sugar, food and beverage products, and other goods supporting economic activity within its service areas.

The Company maintains a diversified clientele and does not depend on any single customer for a material portion of its revenues. As of the date of this Prospectus, no cargo customer accounts for more than 10% of the Company's cargo revenues. The diversified nature of the Company's clientele reduces its exposure to customer concentration risk and contributes to the stability of its revenue base.

Most passenger transactions are conducted on a cash or prepaid basis through the Company's ticketing and booking channels. For its cargo transportation business, the Company serves a combination of cash-paying and on-account customers. Approximately 24% of cargo revenues from regular customers are on credit-terms, while the remainder of transactions are conducted on a cash basis. The Company does not typically enter into long-term volume commitments with customers, as cargo volumes vary depending on the transportation requirements of its customers.

The Company's clientele includes a significant number of repeat commercial users that utilize its services as part of their regular logistics and distribution activities. Service reliability, frequent sailings, schedule adherence, and its established presence in the Visayas market have enabled the Company to develop long-standing relationships with many of its customers.

| CLIENT TYPE | TOTAL SALES %<br>(as of June 30, 2026) |
|---|---|
| **Cargo** | |
| Logistics | 37% |
| Trucks | 22% |
| Construction | 13% |
| Retailers and Distributors | 11% |
| Bus | 3% |
| **Sub-total Cargo** | **86%** |
| **Passengers** | 14% |
| **TOTAL** | **100%** |

***Marketing***

The Company markets its services through direct customer engagement, digital channels, and participation in trade fairs, expos, and industry events. For its cargo business, the Company focuses on logistics providers, trucking companies, distributors, construction firms, and other commercial customers, while passenger services are promoted primarily through online and social media platforms. The Company maintains an active social media presence, which it uses to communicate voyage schedules, service advisories, promotional activities, and other operational announcements to customers.

To strengthen relationships with cargo customers, the Company recently introduced credit terms of generally 30 to 45 days for select corporate accounts.

The Company's marketing activities are supported by shared marketing and information technology services provided within the Aznar Group, including support for its online customer engagement initiatives and digital platforms. Through these efforts, the Company seeks to strengthen customer relationships, enhance brand visibility, and support the continued utilization of its route network.

***Information Systems and Technology***

The Company utilizes information technology systems to support its operational, financial, and administrative functions. These include an enterprise resource planning ("ERP") system that facilitates the recording, monitoring, and reporting of financial and operational information across the Company's business units.

In addition, the Company utilizes a real-time management dashboard that provides Management with visibility over key operating metrics, including revenues, voyage schedules, trip frequency, cancellations, vessel utilization, and other performance indicators. The dashboard enables Management to monitor operations across its route network and supports operational planning and decision-making.

The Company's information technology and marketing functions are supported through shared services arrangements within the Aznar Group. These shared services support the Company's ERP system, management dashboard, digital platforms, customer engagement initiatives, and marketing activities. Together with the Company's online booking and ticketing systems, these technology platforms support the efficient administration of the Company's shipping operations and customer-facing activities.

***Employees***

As of June 30, 2026, the Company’s manpower complement is as follows:

| DEPARTMENT / DIVISION | NUMBER OF EMPLOYEES |
|---|---|
| Senior Officers | 4 |
| Vessel Crews | 64 |
| Port Operations and Maintenance | 11 |
| Treasury | 3 |
| Finance and Accounting | 6 |
| Audit | 2 |
| Administration | 2 |
| Purchasing | 3 |
| Human Resources | 3 |
| Compliance and Investor Relations | 2 |
| **TOTAL** | **100** |

The Company diligently adheres to occupational laws, rules and regulations, ensuring compliance with minimum compensation and benefits standards, as well as maintaining practices that prioritize ethical employment standards

Its employees are not covered by any collective bargaining agreement nor are they part of any labor union. There have been no instances of employee strikes or work stoppages since its incorporation.

The Company directly employs its vessel crews and does not utilize third-party manning agencies. Crew members are assigned to specific vessels and undergo regular training covering safety procedures, regulatory compliance, emergency response, and operational standards. The Company also maintains incident reporting and emergency preparedness programs as part of its commitment to safe vessel operations.

To support its long-term manpower requirements, the Company maintains relationships with maritime schools and provides onboard training opportunities for cadets. These initiatives assist the Company in developing a pipeline of qualified personnel for future crewing requirements.

***Competition***

The Company operates in a competitive domestic shipping market and competes with other RoRo and RoRoPax operators serving routes within the Visayas. Competition is generally based on factors such as service reliability, voyage frequency, vessel availability, route accessibility, pricing, customer relationships, and overall quality of service.

The Company's competitors vary by route and include both established shipping operators and smaller regional players. While rates are subject to ceilings and regulations imposed by MARINA, operators may compete through promotional activities, voyage schedules, customer service, and service reliability.

On a per route basis, the Company's competitors are as follows:

| Route | Shipping Companies | Type of Service |
|---|---|---|
| Tabuelan - Escalante | Tri-Star Megalink Corp.<br>Seen Sam Shipping Inc.<br>Golden Bridge Shipping Inc.<br>*(using Tabuelan - Sagay port)* | passenger and rolling cargo<br>rolling cargo<br>rolling cargo |
| Danao - Isabel | None | |
| Bogo – Palompon | None | |
| Medellin - Bantayan | Asian Marine Transport<br>Island Shipping Corp.<br>*(Hagnaya Port - Bantayan)* | Passenger and rolling cargo<br>Passenger and rolling cargo |
| Dumangas- Bacolod | Tri-Star Megalink Corp.<br>Montenegro Shipping Lines<br>Seen Sam Shipping Inc.<br>Fast Cat (Archipelago Philippine Ferries Corporation)-using Banago Port | Passenger and rolling cargo<br>Passenger and rolling cargo<br>Rolling cargo<br>Passenger and rolling cargo |

***Financing***

The Company maintains a prudent mix of debt and equity to maximize shareholder returns while maintaining a sustainable capital structure. Management aims to maintain a D/E leverage ratio of not greater than 2.50. The table below highlights the outstanding debt facilities of the Company as of June 30, 2026:

| Lender / Bank | Facility size | Outstanding Balance (as of June 30, 2026) | Interest Rate | Term | Security / collateral |
|---|---|---|---|---|---|
| Rizal Commercial Banking Corporation (RCBC) Leasing & Finance | Php 161.00 Million | Php 40.14 Million | 10.00% to 13.00% | 5 to 10 years | Mortgage on various vessels (LCT Manoling 1, LCT Manoling 2, LCT Manoling 3) |
| Philippine National Bank | Php 186.44 Million | Php 417.43 Million | 7.75% | 5 years | Real Estate Mortgage on Land and Improvements owned by E.B. Aznar Management Services Corporation and KAA Realty Corp.<br><br>Joint and Solidary Agreement executed by |

| Lender / Bank | Facility size | Outstanding Balance (as of June 30, 2026) | Interest Rate | Term | Security / collateral |
|---|---|---|---|---|---|
| | | | | | Kyle Alexander C. Aznar and Maria Elizabeth C. Aznar<br><br>Corporate Guaranty and Surety Agreements executed by TSTI and EBASCO<br><br>Unregistered Chattel mortgage on collateral vessel (Alexander 1) |
| | Php 88.90 Million | | 7.75% | 5 years | Real Estate Mortgage on Land owned by E.B. Aznar Management Services Corporation and KAA Realty Corp.<br><br>Corporate guaranty of TSTI<br><br>Unregistered Chattel mortgage on collateral vessel (Manoling 5) |
| | Php 164.00 Million | | 7.75% | 5-year | Unregistered Chattel Mortgage on Collateral Vessel to be purchased (Manoling 6)<br><br>Real Estate Mortgage on Land and Improvements owned by E.B. Aznar Management Services Corporation and KAA Realty Corp.<br><br>Joint and Solidary Obligations by Kyle Alexander C. Aznar and Maria Elizabeth C. Aznar<br><br>Corporate Guaranty and Surety Agreements executed by TSTI and EBASCO |
| | Php 1.27 Million (Motor Vehicle Loan) | | 19.04% | 3 years | Chattel Mortgage on company vehicle |
| | Php 30.00 Million (Guardian | | 7.75% | 3 years | Real Estate Mortgage on three parcels of land by Accommodation Mortgagors, E.B. Aznar |

| Lender / Bank | Facility size | Outstanding Balance (as of June 30, 2026) | Interest Rate | Term | Security / collateral |
|---|---|---|---|---|---|
| | Loan for Term Loan) | | | | Management Services Corp. and KAA Realty Corp.<br><br>Joint Solidary Agreement of Kyle Alexander C. Aznar and Maria Elizabeth C. Aznar<br><br>Corporate Guaranty of TSTI and EBASCO |
| Bank of the Philippine Islands | Php 200.00 Million Term Loan | Php 24.30 Million | 7.25% to 7.75% | 10 years | Real Estate Mortgage on two (2) parcels of land owned by Aznar Property Management Inc.<br><br>Chattel Mortgage on a Landing Craft Tank Manoling 7 financed by the Loan<br><br>Joint and Several Suretyship by Aznar Property Management, Inc, Kyle Alexander C. Aznar, EBASCO, TSTI and Guardian Aces Security Agency |
| | Php 40.00 Million | | 7.25% | 90 days | REM of Php 30M and Php 40M on TCT 107-2018002378 and 107-2018002379 located at Sikatuna St., Brgy Day-as, Cebu City registered under the name of E.B. Aznar Management Services Corporation<br><br>Joint and Several Suretyship of Kyle Alexander C. Aznar and E.B. Aznar Management Services Corporation<br><br>Cross JSS among EBASCO, Aznar Shipping Corp., TSTI, and Guardian Aces Security Agency Inc. |
| | Php 30.00 Million (Short Term Loan) | | At prevailing market rate | | Hold out on Savings Account/Time Deposit under GFASC or EBASCO or Guardian Aces Security Agency, Inc. at 100% LCR. (As of the date of this Prospectus, the Company has not availed of the Short Term Loan.) |

| Lender / Bank | Facility size | Outstanding Balance (as of June 30, 2026) | Interest Rate | Term | Security / collateral |
|---|---|---|---|---|---|
| | | | | | Joint and Several Suretyship by Kyle Alexander C. Aznar and E.B. Management Services Corporation<br><br>Cross Joint and Several Suretyship among EBASCO, the Company, TSTI and Guardian Aces Security Agency, Inc. |

***Suppliers***

The Company relies on various suppliers for fuel, lubricants, marine equipment, spare parts, and other operational requirements necessary for the operation and maintenance of its vessels. The Company's major suppliers include [Wyn and Yang Enterprise OPC] for the supply of diesel fuel and petroleum products for vessel operations; The Artemis Marine and Industrial Construction, Inc., a shipbuilding and repair facility that supports the Company's vessel maintenance and dry-docking requirements, and Bes Pacific Hardware & Industrial Supply for the supply of steel, pipes, valves, shafting, tools, and other construction materials supporting vessel construction, repair, and dry-docking operations.

The Company is not dependent on any single supplier and maintains relationships with multiple qualified suppliers to ensure the continuous availability of critical operational requirements. Procurement decisions are based on factors such as product quality, pricing, reliability of supply, credit terms, and after-sales support. Management believes that alternative suppliers are readily available should the need arise, thereby mitigating potential supply chain disruptions.

***Corporate Social Responsibility***

The Company supports workforce development initiatives within the maritime sector through partnerships with maritime schools and training institutions. As part of these efforts, the Company provides onboard training opportunities for cadets, allowing students to gain practical experience and exposure to vessel operations. These programs support the development of future seafarers while helping the Company build a pipeline of trained maritime personnel.

**COMPETITIVE STRENGTHS**

***Solid track record and established reputation in the Visayas shipping industry***

The Company benefits from the Aznar Group's longstanding presence in the Visayas shipping industry, where the Group has built a reputation for reliability and consistent service over more than three decades. As part of the Aznar Group's fleet rationalization strategy, the Company has strengthened its operating scale through the acquisition of additional vessels from affiliated companies while such affiliates continue to operate their respective shipping businesses and routes.

Over nearly a decade of operations, the Company has grown from a single-vessel operator into a regional shipping company with an expanded fleet, route network, and customer base across Visayas. Management believes that this growth demonstrates the Company's ability to provide reliable inter-island shipping services and develop long-standing relationships with logistics providers, trucking companies, distributors, bus operators, and other commercial customers.

The Company also benefits from its extensive familiarity with the Visayas market, including its understanding of regional trade flows, port operations, customer requirements, and route dynamics. Together with the Aznar Group's established reputation, industry relationships, and experience in the shipping sector, this provides the Company with a strong foundation for continued growth, route expansion, and fleet development in the region.

***Reliable service and on-time voyages***

Management believes that service reliability is a key differentiator in the domestic shipping industry, particularly for logistics providers, trucking companies, distributors, bus operators, and other commercial customers whose operations depend on predictable transit schedules and efficient vehicle turnaround times. The Company is committed to maintaining scheduled departures and does not delay sailings solely to maximize vessel utilization. This operating philosophy enables customers to better plan deliveries, inventory movements, and fleet deployment, reducing uncertainty in their supply chains.

The Company complements this reliability with a short-haul, high-frequency operating model that allows it to provide multiple sailings on certain routes. Management believes that frequent and dependable voyages enhance customer convenience and support customer retention, particularly among recurring commercial customers transporting fuel, cement, consumer goods, beverages, and other essential commodities. As a result, the Company has developed a broad base of repeat customers and established long-term business relationships across its service areas.

In addition, the Company utilizes real-time operational monitoring systems and management dashboards to track voyage schedules, revenues, vessel utilization, and key operating metrics. These systems support management oversight and facilitate timely operational decision-making, helping the Company maintain service quality and operational efficiency.

***Able to operate on feeder routes***

The Company focuses on short-haul inter-island routes that connect Cebu with neighboring provinces through smaller feeder ports. Management believes that these routes present attractive opportunities due to sustained cargo demand, favorable route economics, and limited competition from larger shipping operators that typically concentrate on major trunk routes and larger port facilities.

A key competitive advantage of the Company lies in its ability to deploy vessels that can efficiently serve ports with shallow waters, limited berthing facilities, or infrastructure constraints. Several of the Company's vessels, including its Landing Craft Tank ("LCT") vessels and RoRo vessels, are well-suited for the operational requirements of these smaller ports. As a result, the Company is able to access markets that may not be economically viable for operators utilizing larger vessels.

Management believes that barriers to entry in these routes remain significant due to the substantial capital investment required to acquire vessels, the specialized operational expertise needed to manage domestic shipping operations, and the regulatory approvals required to establish new routes. In addition, the Company has developed relationships with port operators and local stakeholders that support its route operations and future expansion initiatives. The Company's focus on feeder-port connectivity positions it to benefit from increasing inter-island trade, urbanization, tourism activity, and the growing movement of goods throughout the Visayas region.

***Sizable ship fleet with an IACS-classified vessel***

As of the date of this Prospectus, the Company operates a fleet of ten (10) vessels, consisting of RoRo and RoRoPax vessels. Management believes that the size of its fleet provides a competitive advantage by enabling the Company to serve multiple routes simultaneously, optimize vessel deployment across its network, maintain service continuity during drydocking periods, and accommodate growing customer demand.

Through vessel acquisitions within the Aznar Group, the Company has progressively increased its carrying capacity and expanded its route network throughout Visayas. Management believes that this growth has improved operational flexibility and reduced the Company's dependence on any single vessel or route.

The Company also operates an IACS-classed vessel. Under applicable Philippine maritime regulations, IACS-classed vessels may qualify for Pioneer Status incentives, including route protection for a specified period, priority in the issuance of Certificates of Public Convenience, and reduced regulatory fees. These incentives support investments in modern vessels and may provide competitive advantages on designated routes.

Looking forward, the Company intends to continue its fleet modernization program through the acquisition of additional vessels, including IACS-classed vessels. Management believes that newer vessels generally provide improved fuel efficiency, greater carrying capacity, enhanced passenger comfort, and lower maintenance requirements relative to older vessels, thereby strengthening the Company's long-term competitiveness and supporting future route expansion.

***Online and onsite ticketing facility***

The Company provides both online and onsite ticketing services, offering customers multiple channels through which to book and purchase passage. Management believes that this hybrid approach enhances customer convenience and differentiates the Company from certain smaller regional operators that continue to rely primarily on traditional ticketing methods.

Through its online booking platform, customers may reserve trips in advance and obtain digital booking confirmations, while walk-in passengers may continue to purchase tickets through ticketing offices located at the Company's ports of call. This integrated system allows the Company to serve a broad customer base, including individual travelers, bus passengers, vehicle owners, logistics providers, and corporate customers.

The online ticketing system is synchronized with the Company's port-based ticketing operations, enabling efficient booking management and reducing administrative inefficiencies. Management believes that the availability of online booking has become increasingly important as customers demand greater convenience, faster transaction processing, and improved access to transportation services. The platform also supports the Company's marketing initiatives and helps strengthen customer engagement across its service network.

***Cadet development program supporting workforce sustainability***

The Company recognizes that access to qualified seafarers is a critical success factor in the domestic shipping industry. The maritime sector continues to face challenges in recruiting and retaining skilled crew members, particularly as many experienced Filipino seafarers seek employment opportunities in international shipping markets.

To address this challenge, the Company maintains cadet development and scholarship programs through partnerships with maritime educational institutions such as the University of Cebu-Maritime Education and Training Center, Philippine Maritime Institute in Bohol, Palompon Institute of Technology & Capitol University of the Visayas, University of Cebu Lapu-lapu and Mandaue. These initiatives provide practical training opportunities for cadets and assist in developing a pipeline of future officers and crew members for the Company's operations.

Management believes that these programs contribute to workforce sustainability by allowing the Company to identify, train, and retain talent at an early stage. Cadets gain practical onboard experience through the Company's vessels, while the Company benefits from a growing pool of personnel who are familiar with its operating procedures, safety standards, and corporate culture.

The program also complements the Company's broader training and safety initiatives, which include onboard mentoring, continuous crew development, emergency response training, and compliance with regulatory standards governing maritime personnel. Management believes that investing in workforce development supports operational reliability, enhances safety performance, and helps ensure the availability of qualified personnel as the Company expands its fleet and route network.

## KEY STRATEGIES

***Acquire new IACS-classified vessels***

The Company intends to continue modernizing and expanding its fleet through the acquisition of new IACS-classified vessels. Management believes that newer IACS-classified vessels generally offer greater carrying capacity, improved fuel efficiency, enhanced safety standards, and lower maintenance requirements compared to older vessels. These acquisitions are expected to strengthen the Company's ability to meet growing demand for inter-island cargo and passenger transport services while improving operational efficiency.

In addition to the operational benefits, IACS-classified vessels may qualify for Pioneer Status incentives under applicable regulations, which include route protection, priority in the issuance of Certificates of Public Convenience, and reduced regulatory fees. Management believes that these incentives support the Company's long-term route development strategy and enhance the attractiveness of investments in new vessels. The Company intends to utilize a combination of internally generated funds, debt financing, and IPO proceeds to support its fleet modernization initiatives.

***Continue strategic focus on short-haul inter-island routes***

The Company intends to maintain its strategic focus on short-haul inter-island routes within the Visayas region. Management believes that these routes benefit from sustained demand driven by regional trade, tourism, economic activity, and the movement of goods and people between neighboring islands.

The Company has deliberately concentrated its operations on feeder routes connecting Cebu with surrounding provinces, allowing it to serve markets that are often underserved by larger shipping operators focused on major trunk routes. Management believes that its familiarity with regional market dynamics, customer requirements, port operations, and route economics provides the Company with a competitive advantage in identifying attractive route opportunities and deploying vessels efficiently.

The Company also intends to continue its strategy of operating frequent and reliable voyages on existing routes. Management believes that service reliability and schedule adherence are important considerations for logistics providers, trucking companies, and other commercial customers that depend on efficient inter-island transportation to support their operations.

***Explore potential vessel acquisition opportunities***

The Company continually evaluates opportunities to acquire vessels that complement its existing fleet and support its expansion objectives. Management believes that opportunistic vessel acquisitions provide a cost-effective means of increasing carrying capacity, broadening service capabilities, and supporting the development of new routes.

Historically, the Company has expanded through a combination of direct vessel acquisitions and the consolidation of shipping assets within the Aznar Group. Going forward, the Company intends to assess acquisition opportunities based on factors such as vessel condition, carrying capacity, route suitability, operating economics, and expected returns on investment. Management expects that these acquisitions will support future growth by enabling the Company to increase voyage frequency, maintain reserve capacity during drydocking periods, and respond to growing customer demand for cargo and passenger transport services.

The Company believes that maintaining a disciplined and opportunistic approach to fleet acquisitions will allow it to strengthen its market position while supporting its long-term growth strategy in the Visayas shipping market.

## PLANS AND PROSPECTS

***Expand vessel fleet and service routes***

The Company intends to continue expanding its fleet and route network to meet the growing demand for inter-island shipping services in the Visayas region. Management believes that increasing economic activity, population growth, tourism, and the continued movement of goods between islands will support long-term demand for RoRo and RoRoPax services.

As part of its expansion strategy, the Company plans to acquire additional vessels to increase carrying capacity, improve service frequency, and support the opening of new routes. In addition to the vessels recently acquired through asset-for-share swap transactions, the Company expects to further expand its fleet through the acquisition of both brand-new and modernized vessels. Management believes that these acquisitions will enhance the Company's ability to deploy vessels more efficiently, accommodate future growth in cargo and passenger volumes, and maintain operational continuity during periodic drydocking activities.

The Company is also evaluating opportunities to expand its route network beyond its existing operations in Cebu, Leyte, and Negros Occidental. In particular, Management has identified the Bacolod-Dumangas/Iloilo corridor as a potential growth route due to favorable market characteristics and its potential to complement the Company's existing Tabuelan-Escalante operations. Management believes that the Company's experience operating short-haul feeder routes, familiarity with regional trade flows, and established presence in Visayas position it well to pursue route expansion opportunities in the future.

***Development of drydocking and ship repair facilities***

The Company, through Aznar Shipyard, plans to establish a drydocking and ship repair facility to support the maintenance requirements of its growing fleet.

Management believes that the availability of drydocking facilities is a significant operational consideration in the domestic shipping industry. Under existing regulations, vessels are required to undergo periodic drydocking and maintenance to maintain seaworthiness and regulatory compliance. At present, the Company relies on third-party shipyards and drydocking facilities, where limited slot availability and scheduling constraints may result in extended waiting periods and vessel downtime.

The planned facility is intended to provide the Company with greater control over maintenance schedules, reduce dependence on external service providers, improve vessel availability, and potentially lower long-term maintenance costs. Management also believes that an in-house facility will support fleet expansion initiatives by improving operational flexibility and ensuring that drydocking requirements can be accommodated more efficiently.

Over the longer term, the Company intends to explore opportunities to provide drydocking, repair, and maintenance services to third-party vessel owners and operators, potentially creating an additional source of revenue while leveraging its maritime expertise and infrastructure investments.

***Pursue vessel chartering services***

The Company intends to selectively pursue vessel chartering opportunities as an additional revenue stream and as a means of optimizing fleet utilization.

As part of the Aznar Group's fleet rationalization strategy, certain vessels acquired from affiliated companies may continue to be utilized by such affiliates under charter or lease arrangements. Management believes that chartering arrangements may enable the Company to generate recurring income from vessels that are not immediately required for route expansion while preserving operational flexibility.

The Company also intends to evaluate chartering opportunities with third parties when commercially attractive. Such arrangements may allow the Company to monetize excess vessel capacity, diversify revenue sources, and generate returns from vessels pending deployment on new routes.

While chartering is not expected to become the Company's primary business line in the near term, Management believes that it can complement the Company's core RoRo and RoRoPax operations by enhancing asset utilization and providing additional revenue generation opportunities as the Company's fleet continues to expand.

## RECENT ISSUANCE OF SHARES

In the past three (3) years, the Company entered into the following transactions exempt from the registration requirements of the SRC and therefore have not been registered with the SEC:

(a) On November 20, 2025, the Company issued 18,000,400 new shares from its remaining unissued shares Said issuance is considered an exempt transaction under SRC 10.1 (k) or the sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any 12-month period. The subscription was paid in cash and was duly received by the Company's treasurer.

(b) On August 11, 2026, the Securities and Exchange Commission approved its amendment to increase its authorized capital stock from Php32,000,000.00 to Php965,000,000.00. Upon approval of its increase in capital stock, the Company issued a total of 2,336,049,390 new shares. This issuance is considered an exempt transaction under SRC 10.1 (e) or the sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock. The subscription was paid for in cash, in-kind and via stock dividend and was duly received by the Company's treasurer.

(c) In 2026, the Company issued 1,500 shares to Mr. Felix Taguiam, whose subscription was paid for in cash and duly received by the Company's treasurer. This issuance is considered an exempt transaction under SRC 10.1 (k) or the sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any 12-month period.

## MATERIAL CONTRACTS AND AGREEMENTS

Over the course of its operations, the Company has entered into various contracts in relation to its business operations. Material contracts entered into over the past two years are listed below:

### Lease Agreement

On September 2, 2026, the Company formalized its arrangement with E.B. Aznar Management Services Corp. by entering into Contract of Lease for the 2nd Floor of Manoling 2 Bldg., V. Gullas Street, Cebu City to serve as the Company's principal office space. The lease is for a term of one (1) year commencing on July 1, 2026 to July 1, 2027, and subject to a net rental fee of Php42,500.00 per month with 5% escalation every 2 years.

### Loan Agreements

The Company entered into the following term loan agreements:

#### *Philippine National Bank (PNB)*

On July 18, 2023, the Company entered into a Loan Agreement with Philippine National Bank ("**PNB**") for the principal amount of Php88,900,000.00 with a maturity date of 5 years from initial drawdown, to partially finance the acquisition of one (1) Self Propelled Barge. The loan is secured by LCT Manoling 5 and the following:

(i) Real estate mortgage executed by shareholders on the property covered by TCT Nos. 110-20220019111, 110-2022000518; and 110-2023000503;
(ii) A Corporate Guaranty/Surety Agreement dated July 18, 2023 executed by TSTI; and
(iii) Corporate Guaranty/Agreement executed by E.B. Aznar Shipping Corporation in favor of the PNB.

On October 10, 2024, the Company entered into a Loan Agreement with PNB in the amount of One Hundred Php186,440,000.00 to partially finance the acquisition of one (1) Ro-Ro Passenger Ship. The said loan is secured by Alexander 1, and the following:

(i) A real estate mortgage on the land and improvements to be financed by the Loan, currently covered by TCT Nos. 110-2022001911, 110-2022000518, & 110-2023000503 evidenced by that Real Estate Mortgage executed in favor of the bank dated July 18, 2023;
(ii) A Joint and Solidary Agreement dated July 18, 2023 executed by Kyle Alexander C. Aznar and Maria Elizabeth C. Aznar;
(iii) A Corporate Guaranty/Surety Agreement dated July 18, 2023 executed by **TSTI**; and
(iv) Corporate Guaranty/Agreement executed by E.B. Aznar Shipping Corporation in favor of PNB.

A Guidance Line for Term Loan was also granted to the Company on July 7, 2025, covering a principal amount of Thirty Million Pesos (Php30,000,000.00) for a PN Term of thirty-six (36) months. This loan was secured by the following:

(i) Real Estate Mortgage on three parcels of land by Accommodation Mortgagors, E.B. Aznar Management Services Corp. and KAA Realty Corp.;
(ii) Joint Solidary Agreement of Kyle Alexander C. Aznar and Maria Elizabeth C. Aznar; and
(iii) Corporate Guaranty of TSTI and EBASCO.

Pursuant to a Loan Agreement notarized on May 16, 2025, the PNB extended another loan to the Company for the principal amount of Php164,000,000.00 with a maturity date of up to 5 years from initial drawdown, inclusive of a grace period of 10 months. The loan is secured by Manoling 6, and the following:

(i) A real estate mortgage on the property covered by three parcels of land by E.B. Aznar Management Services Corp. and KAA Realty Corp;
(iv) Joint and solidary obligations of Kyle Alexander C. Aznar and Maria Elizabeth C. Aznar; and
(v) Corporate guaranty and Surety Agreements executed by TSTI and EBASCO

***Bank of the Philippine Islands (BPI)***

Pursuant to a Loan Agreement executed by the Company and BPI dated 26 June 2026, BPI extended a term loan facility to the Company not exceeding Two Hundred Million Pesos (Php200,000,000.00) and for a term of ten (10) years to finance the acquisition of a marine vessel (Manoling 7). The Company executed a Promissory Note Dated 8 July 2026 to comply with such requirement.

As security for the payment of the Loan and the interest and other charges and expenses thereon, as well as all other amounts that may be due from the Company under the Loan Documents, the Loan shall be secured by the following:

(i) Real Estate Mortgage on real properties, including any improvements thereon, covered under TCT Nos. 107-2016001246 and 107-2016001247, located in C. Padilla Street, Mambaling, Cebu City and currently registered under the name of Aznar Property Management Inc.;
(ii) Chattel Mortgage Agreement on a Landing Craft Tank financed by the loan (the amount of the Chattel Mortgage will be based on the final invoice amount;
(iii) Continuing Suretyship Agreement of Aznar Property Management Inc.;
(iv) Continuing Suretyship Agreement of Kyle Alexander C. Aznar;
(v) Corporate Suretyship Agreement of E.B. Aznar Shipping Corp, TSTI, and Guardian Aces Security Agency; and
(vi) Such other security as BPI and the Company may agree upon and/or designate as a Security Document.

A Back-to-Back Short-Term Loan (STL) was likewise extended by BPI on June 26, 2026 with a principal amount of Thirty Million Pesos (Php30,000,000.00) and for the primary purpose of serving as standby facility for investment purposes. This STL has a term of one (1) year, expiring on March 31, 2027. The same is secured by the following securities:

(i) Hold out on the Savings Account/Time Deposit under the name of GFASC, EBASCO, or Guardian Aces Security Agency, Inc. at 100% LCR;
(ii) Joint and Several Suretyship by Kyle Alexander C. Aznar and E.B. Management Services Corporation; and
(iii) Cross Joint and Several Suretyship among EBASCO, the Company, TSTI and Guardian Aces Security Agency, Inc.

**Insurance Contracts**

The Company maintains insurance coverages in compliance with the statutory requirements and has secured the following insurance policies for its operations:

| Policy No. | Type | Insured | Insurer | Coverage | End Date |
|---|---|---|---|---|---|
| **ALEXANDER 1** | | | | | |
| MH-HO-0013903 | Hull Insurance | Guardian Four Aces Shipping Corporation | Stronghold Insurance Company, Incorporated | PHP 158,000,000.00 | January 28, 2027 |
| P-CBU-26-1-50-5010-000028 | Passenger Insurance | Guardian Four Aces Shipping Corporation | Philippine British Assurance Company Inc. | (1) Accidental Death & Disablement – Php 74,400,000.00<br>(2) Accidental Medical Reimbursement – Php 18,600,000.00<br>(3) Accidental Burial Benefit – Php 7,440,000.00<br>(4) Repatriation Expense (Phil Only) – Php 7,440,000.00<br>(5) Unprovoked Murder & Assault – Php 74,400,000.00<br>Permanent Total Disability – Php 74,400,000.00 | February 4, 2027 |
| **MANOLING 1** | | | | | |
| MH-HO-0014170 | Hull Insurance | Guardian Four Aces Shipping Corporation | Stronghold Insurance Company | Php 1,122,300.00 | August 26, 2027 |
| P-CBU-26-1-50-5010-000054 | Passenger Insurance | Guardian Four Aces Shipping Corporation | PhilBritish Insurance | (1) Permanent Total Disability – Php 22,000,000.00<br>(2) Unprovoked Murder & Assault – Php 22,000,000.00<br>(3) Accidental Medical Reimbursement – Php 5,5000,000.00<br>(4) Accidental Burial Benefit – Php 2,200,000.00 | July 1, 2027 |

| Policy No. | Type | Insured | Insurer | Coverage | End Date |
|---|---|---|---|---|---|
| | | | | (5) Repatriation Expense (Phil Only) – Php 2,200,000.00<br>(6) Accidental Death & Disablement – Php 22,000,000.00 | |
| **MANOLING 2** | | | | | |
| CEBR-2026-MN-HULL-000072-04 | Hull Insurance | Guardian Four Aces Shipping Corporation | Pacific Union Insurance Company | Php 69,999.00 | March 17, 2027 |
| P-CBU-25-1-50-5010-000115 | Passenger Insurance | Tabuelan Sea Transport Inc. / Guardian Four Aces Shipping Corporation | PhilBritish Insurance | (1) Permanent Total Disability – Php 26,800,000.00<br>(2) Unprovoked Murder & Assault – Php 26,800,000.00<br>(3) Accidental Medical Reimbursement – Php 6,700,000.00<br>(4) Accidental Burial Benefit – Php 2,680,000.00<br>(5) Repatriation Expense (Phil Only) – Php 2,680,000.00<br>(6) Accidental Death & Disablement – Php 26,800,000.00<br>(7) Permanent Partial Disability – Php 26,800,000l.00 | December 6, 2026 |
| **MANOLING 3** | | | | | |
| MH-HO-0014099 | Hull Insurance | Guardian Four Aces Shipping Corporation | Stronghold Insurance Company, Incorporated | Php 70,000,000.00 | June 10, 2027 |
| P-CBU-26-1-50-5010-000030 | Passenger Insurance | Guardian Four Aces Shipping Corporation | PhilBritish Insurance | (1) Permanent Total Disability – Php 15,400,000.00<br>(2) Unprovoked Murder & Assault – Php 15,400,000.00<br>(3) Accidental Medical Reimbursement – Php 3,850,000.00<br>(4) Accidental Burial Benefit – Php 1,540,000.00<br>(5) Repatriation Expense (Phil Only) – Php 1,540,000.00<br>(6) Accidental Death & Disablement – Php 15,400,000.00 | May 24, 2027 |

| Policy No. | Type | Insured | Insurer | Coverage | End Date |
|---|---|---|---|---|---|
| **MANOLING 5** | | | | | |
| MH-HO-0013882 | Hull Insurance | Guardian Four Aces Shipping Corporation | Stronghold Insurance Company, Incorporated | Php 90,000,000.00 | November 10, 2026 |
| P-CBU-25-1-50-5010-000113 | Passenger Insurance | Guardian Four Aces Shipping / Tabuelan Sea Transport Inc. | PhilBritish Insurance | (1) Permanent Total Disability – Php 12,600,000.00<br>(2) Unprovoked Murder & Assault – Php 12,600,000.00<br>(3) Accidental Medical Reimbursement – Php 3,150,000.00<br>(4) Accidental Burial Benefit – Php 1,260,000.00<br>(5) Repatriation Expense (Phil Only) – Php 1,260,000.00<br>(6) Accidental Death & Disablement – Php 12,600,000.00 | December 15, 2026 |
| **MANOLING 6** | | | | | |
| MH-HO-0014105 | Hull Insurance | Guardian Four Aces Shipping Corporation | Stronghold Insurance Company, Incorporated | Php 146,000,000.00 | July 23, 2027 |
| P-CBU-26-1-50-5010-000074 | Passenger Insurance | Guardian Four Aces Shipping Corporation | PhilBritish Insurance | (1) Permanent Total Disability – Php 16,000,000.00<br>(2) Unprovoked Murder & Assault – Php 16,000,000.00<br>(3) Accidental Medical Reimbursement – Php 4,000,000.00<br>(4) Accidental Burial Benefit – Php 1,600,000.00<br>(5) Repatriation Expense (Phil Only) – Php 1,600,000.00<br>(6) Accidental Death & Disablement – Php 16,000,000.00 | August 20, 2027 |
| **MELRIVIC 1** | | | | | |
| CEBR – 2026-MN-HULL-000074-04 | Hull Insurance | E.B. Aznar Shipping Corp. | Pacific Union Insurance Company | Php 32,688,000.00 | March 17, 2027 |

| Policy No. | Type | Insured | Insurer | Coverage | End Date |
|---|---|---|---|---|---|
| CEBR-2025-MN-HULL-000057-03 | Hull Insurance | E.B. Aznar Shipping Corp. | Pacific Union Insurance Company | Php 32,688,000.00 | March 17, 2027 |
| P-CBU-25-1-50-5010-000010 | Passenger Insurance | E.B. Aznar Shipping Corp. / D. Olmilla Shipping Corp. / Guardian Four Aces Shipping Corporation / Tabuelan Sea Transport Inc. | PhilBritish Insurance | (1) Permanent Total Disability – Php 25,400,000.00<br>(2) Unprovoked Murder & Assault – Php 25,400,000.00<br>(3) Accidental Medical Reimbursement – Php 6,350,000.00<br>(4) Accidental Burial Benefit – Php 2,540,000.00<br>(5) Repatriation Expense (Phil Only) –<br>(6) Accidental Death & Disablement – Php 25,400,000.00 | February 16, 2027 |
| **MELRIVIC 2** | | | | | |
| P-CBU-25-1-50-5010-000048 | Passenger Insurance | E.B. Aznar Shipping Corp. / D. Olmilla Shipping Corp. / Guardian Four Aces Shipping Corporation / Tabuelan Sea Transport Inc. | PhilBritish Insurance | (1) Permanent Total Disability – Php 54,000,000.00<br>(2) Unprovoked Murder & Assault – Php 54,000,000.00<br>(3) Accidental Medical Reimbursement – Php 13,500,000.00<br>(4) Accidental Burial Benefit – Php 5,400,000.00<br>(5) Repatriation Expense (Phil Only) – Php 5,400,000.00<br>(6) Accidental Death & Disablement – Php 54,000,000.00 | August 3, 2027 |
| **MELRIVIC 7** | | | | | |
| CEBR-2026-MN-HULL-000071-04 | Hull Insurance | E.B. Aznar Shipping Corp | Pacific Union Insurance Company | Php 40,149,000 | March 17, 2027 |
| P-CBU-25-1-50-5010-000114 | Passenger Insurance | Guardian Four Aces Shipping Corporation | PhilBritish Insurance | (1) Permanent Total Disability – Php 71,400,000.00<br>(2) Unprovoked Murder & Assault – Php 71,400,000.00 | December 12, 2026 |

| Policy No. | Type | Insured | Insurer | Coverage | End Date |
|---|---|---|---|---|---|
| | | | | (3) Accidental Medical Reimbursement – Php 17,850,000.00<br>(4) Accidental Burial Benefit – Php 7,140,000.00<br>(5) Repatriation Expense (Phil Only) – Php 7,140,000.00<br>(6) Accidental Death & Disablement – Php 71,400,000.00 | |

**Charter Agreement**

On 1 July 2026, the Company and EBASCO entered into a Bareboat Charter Agreement, in connection with its cargo and passenger transportation operations. Under this Agreement, the Company demised and let to the EBASCO, on a bareboat basis, the Philippine-registered vessels named Melrivic 1, Melrivic 2, and Melrivic 7, together with all equipment, machinery, gear, appurtenances, and accessories on board for a period of one (1) year commencing on July 1, 2026, subject to automatic yearly renewal unless terminated in accordance with the agreement. EBASCO shall pay the Company the total amount of Three Million Four Hundred Thousand Pesos (Php 3,400,000.00) per month under this arrangement.

A similar Bareboat Charter Agreement was entered into by the Company with TSTI on 1 July 2026, whereby the Company demised and let to TSTI the Philippine-registered vessel named Manoling 1, together with all equipment, machinery, gear, appurtenances, and accessories on board, for a period of one (1) year starting on July 1, 2026. The Charter Hire fee is in the total amount of One Million Five Hundred Thousand Pesos (Php 1,500,000.00) per month.

Throughout the term of the foregoing Agreements, EBASCO and TSTI have full possession, command, navigation, operation, and control of the respective vessels, and shall be deemed as the owner owner *pro hac vice* of the same, subject to such other terms on possession and control provided in the Agreements.

**Service Agreement**
The Company entered into the following service contracts necessary for its operations:

***Service Agreement with Oltek Solutions Corporation***

[Pursuant to a Service Agreement between Oltek Solutions Corporation ("**Oltek**") and the Company, Oltek provides the Company with the use of "HAYAHAI TMS," a software service for the online booking of tickets of the Company's services and the management of the Company's internal and ferry operations services. The term of the said agreement is for two (2) years, starting from 1 October 2025 to 30 September 2027. In exchange for the said services, the Company pays a monthly service fee of Seventy Thousand Pesos (Php70,000.00), regardless of the number of rounds operated or vessels assigned.]

***Service Agreement with Prime Software Development Corp.***

The Company expressed its conformity to two (2) proposals from Prime Software Development Corp. ("**PSDC**") for the delivery and use of (i) a customizable prime software back-end financial management system modules, and (ii) a customized prime software middleware.

i. Proposal for customizable prime software back-end financial management system modules

The services include the installation, user-training, full implementation, and after-project technical support for the use of PSDC's back-end financial management system modules. The project cost is One Million One Hundred Thousand Pesos (Php1,100,000.00), exclusive of VAT, with an additional Php50,000 worth of exchange-deals to be provided by the Company for Freight and Passage Regular Rate Charges by PSDC.]

ii. Proposal for customized Prime Software middleware

The services include, but are not limited to, the development, fine tuning, and technical support of a customized Prime Software Middleware that will fully integrate the Company's 3rd Party Ayahay Front end freight and passages software modules to Prime Software's backend accounting system. The project cost is One Hundred Fifty Thousand Pesos (Php150,000.00), exclusive of VAT, and starting on the 7th month, a monthly middleware maintenance fee in the amount of Four Thousand Pesos (Php4,000.00), exclusive of VAT.

***Statement of Acceptance of Paymongo's Terms***

On January 9, 2026, the Company executed a "Statement of Acceptance" with Paymongo Philippines, Inc. ("**Paymongo**"). In the Statement of Acceptance, the Company expressed its consent to the collection and/or processing of personal information necessary for Paymongo's provision of goods and services and to the processing of the Company's customers' personal information and data.

***Agreements for the Ticketing Premises***

On June 8, 2026, the Company entered into separate agreements with EBASCO and TSTI to allow the Company to share the use of the ticketing offices of EBASCO and TSTI, including the services rendered by their staff assigned in the area, located in the following ports:

| | |
|---|---|
| E.B. Aznar Shipping Corp | (1) Port of Kawit, Medellin, Cebu<br>(2) Port of Sta. Fe, Bantayan Island, Cebu<br>(3) Port of Tabuelan, Tabuelan, Cebu |
| Tabuelan Sea Transport, Inc. | (1) Polambato, Bogo City, Cebu<br>(2) Port of Palompon, Palompon, Leyte<br>(3) Port of Isabel, Isabel, Leyte |

**Other Contracts**

***Agreement/s for Crew Training Programs***

On August 7, 2026, the Company entered into an ISM Support Service Agreement with Odyssey Ship Management OPC (the "**Odyssey**") for purposes of providing the Company with ISM support, compliance monitoring, audit assistance, documentation support, and crew training services strictly in accordance with the International Safety Management (ISM) Code. Odyssey shall assume responsibility for the implementation, training and support as per MARINA compliance, in accordance with the Safety Management System. This shall include Crew Safety Training (Shore/Onboard), ISM implementation and Monitoring Support, MARINA Audit & Monitoring Support, Provision of Manpower and Technical Support, and Technical Support Personnel. The Agreement is for a term of two (2) years commencing on August 5, 2026 to August 6, 2028.

***Agreements with Maritime Schools***

The Company has entered into the following [Partnership Agreements] with maritime schools:

| Maritime School/Institution | Date of Agreement | Term/Period | Covered Services/Coverage/ Inclusions |
|---|---|---|---|
| University of Cebu-Maritime Education and Training Center | 26 September 2022 | None stated | To provide appropriate training programs at different levels in their respective premises, which training shall be geared towards the development of the professional and technical skills of the School's trainees in various merchant marine fields, to prepare said trainees for their embarkation in the Company's vessels for training and assessment |
| Palompon Institute of Technology | 13 May 2024 | 1 year (for renewal) | To consider cadets not selected by KVNR, a Dutch shipping party of the Institute, for shipboard training accommodation on board the Company's vessels plying the domestic routes, either as apprentice mates or engineers after the KVNR selection, subject to its policies, standards, rules and regulations. |
| University of the Visayas – College of Maritime Education | 16 February 2026 | 1 year | To provide appropriate training programs at different levels in their respective premises, which training shall be geared towards the development and upgrading of the professional and technical skills of the School's cadets and graduates in various merchant marine fields, to prepare said cadets and graduates for their embarkation with the Company's vessels for training |

**REGULATORY COMPLIANCE**

The Company has obtained, or are in the process of obtaining, all material permits, licenses and/or certificates of compliance from the relevant and appropriate local government units and regulatory agencies in relation to their continued business, as confirmed by Cayetano Sebastian Ata Dado & Cruz in an opinion dated September 2, 2026.

**Material Permits/Licenses**

Detailed below are all the major permits and licenses necessary for the Company to operate its business, the failure to possess any of which would have a material adverse effect on its business and operations. The Company believes that it has all the applicable and material permits and licenses necessary to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal.

| Permits/License Issued | Issuing Agency | Date Issued | Expiry | Permit / License No. |
|---|---|---|---|---|
| Business Permit | Local Government Unit | January 20, 2026 | December 31, 2026 | 2026-0604509000-0272 |
| Certificate of Incorporation | Securities and Exchange Commission | January 22, 2016 | N/A | CS201633109 |
| Certificate of Registration | Bureau of Internal Revenue | February 3, 2016 | N/A | TIN 480-559-563-00000 |
| Certificate of Registration | Department of Labor and Employment | May 4, 2026 (Date Approved) | N/A | EIN No. 07-2026-532367 |
| Certificate of Accreditation | MARINA | 29 May 2026 | 15 March 2030 | DSS-7-MC-NO.2023-03-2714-2026 |
| Certificate of Public Convenience Rider under the name of Guardian Four Aces Shipping Corporation covering the vessels:<br>• MV Alexander Aznar 1<br>• MV Manoling 3<br>• MV Manoling 5<br>• MV Manoling 6 | MARINA | 04 November 2016 | 03 November 2041 | CPC-01368 to CPC013645 |
| Certificate of Public Convenience Rider under the name of Tabuelan Sea Transport Inc. covering the vessels:<br>• LCT Manoling 2<br>• MV Melrivic I<br>• MV Melrivic Seven<br>• MV Melrivic Two<br>• LCT Manoling 1 | MARINA | 13 August 2025 | 9 October 2042 | CPC No. 012503 to 012507 |
| Document of Compliance under Aznar Shipping Corp. | MARINA | 11 August 2026 | 12 May 2031 | ISM-CEB26-184 |
| Document of Compliance under Tabuelan Sea Transport Inc. | MARINA | 16 July 2026 | 5 May 2031 | ISM-CEB26-159 |

For its vessels, it has obtained the following material permits:

## I. MV Manoling 1

| Permits/License Issued | Issuing Agency | Date Issued | Date of Expiry | Permit / License No. |
|---|---|---|---|---|
| Certificate of Ownership | MARINA | 19 January 2024 | N/A | 0280046 |
| Certificate of Philippine Registry | MARINA | 19 January 2024 | N/A | 0280045 |
| Coastwise License (Temporary) | MARINA | 26 May 2026 | 1 July 2027 | DSSLCS-26-05-28-12155 |
| Minimum Safe Manning Certificate | MARINA | 26 January 2026 | 23 January 2031 | N/A |
| Certificate of Compliance for Passenger Vessels | MARINA | 31 March 2026 | 6 March 2027 | MRO7-COC-2026-060 |
| Passenger Ship Safety Certificate | MARINA | 21 July 2026 | 06 March 2027 | N/A |
| Safety Management Certificate | MARINA | 21 December 2022 | 5 September 2027 | ISM-CEB22-268 |
| Tonnage Measurement Certificate | MARINA | 20 December 2023 | N/A | MRO7-TMC-2023-164 |
| Load Line Certificate | MARINA | 31 March 2026 | 6 March 2031 | MRO7-LLC-2026-064 |
| Certificate of Stability | MARINA | 20 July 2026 | 3 July 2021 | MR07-CS-2026-094 |
| Trim and Stability Booklet | MNM Marine Services / MARINA | 15 July 2026 | N/A | MR07-1SB-2026-075 |
| Damage Stability Booklet | MNM Marine Services / MARINA | 21 July 2026 | N/A | Mro7-DSB-2026-051 |
| Cargo Securing Manual Compliance Certificate | MARINA | 31 March 2026 | 6 March 2031 | MRO7-CSM-2026-041 |
| Hull Insurance | Stronghold Insurance Company | 26 August 2026 | 26 August 2027 | MH-HO-0014170 |
| Passenger Insurance Coverage | Philippine British Assurance Company Inc. | 10 June 2025 | 1 July 2027 | P-CBU-25-1-50-5010-000042 |
| Marina Personal Accident Policy Schedule | Philippine British Assurance Company Inc. | 1 July 2026 | 1 July 2027 | P-CBU-26-1-50-5010-000054 |
| Certificate of Berthing Window | Cebu Port Authority | 28 December 2023 | N/A | OR No. 85791 |
| Certificate of Compliance under MC72 | MARINA | 1 September 2016 | N/A | CEB72-16-017 |
| Continuous Synopsis Record | Philippine Coast Guard and Cebu Ports Authority | 19 May 2026 | N/A | 2026-05-064 |
| Ship Radio Station License | National Telecommunications Commission | 5 May 2026 | 5 June 2027 | 7MS-2639-26R/M |
| Certificate for Radio Operator | MARINA | 25 October 2023 | 25 October 2028 | GOC200009569223 |
| Certificate of Drydocking | Dynacast Shipbuilding & Repairs Inc. | 25 March 2026 (drydocked on 16 February 2026) | 16 February 2028 to 16 February 2029 (mandatory date of the next drydocking) | N/A |

| | | | | |
|---|---|---|---|---|
| Certificate of Classification (Hull) | Ocean Register of Shipping, Inc. | 18 June 2026 | 06 March 2031 | ORS/04-579605/FL |
| Certificate of Classification (Machinery) | Ocean Register of Shipping, Inc. | 18 June 2026 | 06 March 2031 | ORS/04-579605/FL |
| Oil Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 10 June 2026 | 27 May 2030 | PCG-2026-OPPC-101 |
| Certificate of Accreditation for Oily Water Separator | National Headquarters Philippine Coast Guard | 2 June 2025 | 2 June 2028 | PCG-2025-OWS-130 |
| Sewage Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 28 October 2021 | *30 July 2026 (Ongoing inspection)* | PCG-2021-C-158 |
| Certificate of Compliance for Holding Tank | National Headquarters Philippine Coast Guard | 23 July 2024 | 23 July 2027 | PCG-2026—HT-262 |
| Shipboard Oil Pollution Emergency Plan (SOPEP) | Marine Environmental Protection Command | 17 July 2024 | 16 July 2027 | 7436-07-24 |
| Garbage Management Plan | Marine Environmental Protection Command | 5 November 2021 | 4 November 2026 | 3719-11-21 |
| Garbage Record Book | Philippine Coast Guard | 8 September 2025 | N/A | 7494-09-25 |
| Ship Sanitation Control Exemption Certificate | Bureau of Quarantine | 21 April 2026 | 20 October 2026 | IMO No. 07-0001341 |
| Approved Ship Plans | Provided. | Approved on 1 June 2016 | N/A | CN No. 194-01-0516 |
| | | Approved on 28 July 2016 | N/A | CN No. 251-28-0716 |
| | | Approved on 7 Jul 2016 | N/A | CN No. 224-07-0716 |

**II. MV Manoling 3**

| Permits/License Issued | Issuing Agency | Date Issued | Date of Expiry | Permit / License No. |
|---|---|---|---|---|
| Certificate of Ownership | MARINA | 23 October 2025 | N/A | DSSSHR-25-10-23-24460 |
| Certificate of Philippine Registry | MARINA | 23 October 2025 | N/A | DSSHR-25-10-2446 |
| Coastwise License | MARINA | 13 April 2026 | 21 May 2027 | DSSLCS-26-04-13-11484 |
| Minimum Safe Manning Certificate | MARINA | 21 April 2026 | 20 April 2031 | N/A |
| Certificate of Compliance for Passenger Vessels | MARINA | 18 November 2025 | 2 September 2026 | MRO7-COC-2025-167 |
| Cargo Ship Safety Certificate | MARINA | 21 April 2026 | 2 September 2026 | N/A |
| Safety Management Certificate | MARINA | 10 November 2023 | 11 August 2027 | ISM-CEB23-206 |
| Tonnage Measurement Certificate | MARINA | 6 September 2023 | N/A | MRO7-TMC-2023-107 |
| Load Line Certificate | MARINA | 25 September 2025 | 2 September 2030 | MRO7-LLC-2025-166 |

| | | | | |
|---|---|---|---|---|
| Certificate of Stability | MARINA | 24 May 2021 | 21 May 2026 (Endorsed 3 August 2026) | MRO7-CS-2021-066 |
| Trim and Stability Booklet | MNM Marine Services / MARINA | 24 May 2021 | N/A | MR07-ISB-2021-033 |
| Damage Stability Booklet | MNM Marine Services / MARINA | 7 October 2025 | N/A | MR07-DSB-2025-038 |
| Cargo Securing Manual Compliance Certificate | MARINA | 25 September 2025 | 2 September 2030 | MRO7-CSM-2025-124 |
| Hull Insurance | Stronghold Insurance Company | 10 June 2026 | 10 June 2027 | MH-HO-0014099 |
| Passenger Insurance Coverage | Philippine British Assurance Company Inc. | 26 May 2025 | 24 May 2027 | P-CBU-26-1-50-5010-000030 |
| Marina Personal Accident Policy Schedule | Philippine British Assurance Company Inc. | 26 May 2026 | 24 May 2027 | P-CBU-25-1-50-5010-000029 |
| Certificate of Berthing Window | *To be provided* | *To be provided* | *To be provided* | *To be provided* |
| Certificate of Compliance under MC72 | MARINA | 18 November 2025 | 2 September 2026 | MR07-COC-2025-167 |
| Continuous Synopsis Record | Available | 29 October 2025 | N/A | 2025-10-182 |
| Ship Radio Station License | National Telecommunications Commission | 5 May 2026 | 20 May 2027 | 7MS-4556-26R/M |
| Certificate for Radio Operator | MARINA | 10 February 2022 | 10 February 2027 | GOC200007563922 |
| Certificate of Drydocking | Megaship Builders Inc. | 4 September 2025 (for the period 30 July 2025 to 3 September 2025) | 30 July 2027 to 30 July 2029 (mandatory date of the next drydocking) | N/A |
| Certificate of Classification (Provisional) | Ocean Register of Shipping, Inc. | 17 April 2026 | 08 October 2026 | ORS/04-574804/PR |
| Oil Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 4 June 2025 | 10 May 2028 | PCG-2025-OPPC-123 |
| Certificate of Accreditation for Oily Water Separator | National Headquarters Philippine Coast Guard | 28 March 2025 | 28 March 2028 | PCG-2025-OWS-091 |
| Sewage Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 25 May 2026 | 25 May 2031 | PCG-2026-SPPC-094 |
| Certificate of Compliance for Holding Tank | National Headquarters Philippine Coast Guard | 8 July 2024 | 8 July 2027 | PCG-2024-HT-232 |
| Shipboard Oil Pollution Emergency Plan (SOPEP) | Marine Environmental Protection Command | 15 November 2024 | 15 November 2027 | 7805-11-24 |
| Garbage Management Plan | Marine Environmental Protection Command | 5 November 2021 | 4 November 2026 | 3717-11-21 |
| Garbage Record Book | Philippine Coast Guard | 5 November 2021 | N/A | 3717-11-21 |

| | | | | |
|---|---|---|---|---|
| Ship Sanitation Control Exemption Certificate | Bureau of Quarantine | 23 April 2026 | 22 October 2026 | 047556 |
| Approved Ship Plans | Provided. | Approved on 18 May 2021 | N/A | Control No. MR07-VPA-2021-060 |
| | | Approved on 6 July 2021 | N/A | Control Control No. MR07-VPA-2021-083 |

### III. MV Manoling 5

| Permits/License Issued | Issuing Agency | Date Issued | Date of Expiry | Permit / License No. |
|---|---|---|---|---|
| Certificate of Ownership | MARINA | 4 December 2023 | N/A | 0279866 |
| Certificate of Philippine Registry | MARINA | 4 December 2023 | N/A | 0279865 |
| Coastwise License | MARINA | 26 November 2025 | 10 December 2026 | DSSLCS-25-11-26-9553 |
| Minimum Safe Manning Certificate | MARINA | 19 December 2025 | 17 December 2030 | N/A |
| Cargo Ship Safety Certificate | MARINA | 20 August 2026 | 20 September 2026 | MARINAROVII-2026-1041 |
| Safety Management Certificate | MARINA | 14 November 2025 | 7 August 2029 | ISM-CEB25-347 |
| Tonnage Measurement Certificate | MARINA | 30 November 2023 | N/A | MRO7-TMC-2023-156 |
| Load Line Certificate | MARINA | 6 December 2023 | 15 September 2028 | MRO7-LLC-2023-255 |
| Certificate of Stability | MARINA | 6 December 2023 | 4 December 2028 | MRO7-CS-2023-183 |
| Trim and Stability Booklet | MNM Marine Services / MARINA | 24 July 2026 | N/A | MR-07-ISB-2026-077 |
| Damage Stability Booklet | MNM Marine Services / MARINA | 21 July 2026 | N/A | MR07-DSB-2026-052 |
| Cargo Securing Manual Compliance Certificate | MARINA | 6 December 2023 | 15 September 2028 | MRO7-CSM-2023-198 |
| Hull Insurance | Stronghold Insurance Company | 10 November 2025 | 10 November 2026 | MH-HO-0013882 |
| Passenger Insurance Coverage | Philippine British Assurance Company Inc. | 19 November 2025 | 15 December 2026 | P-CBU-25-1-50-5010-000113 |
| Marina Personal Accident Policy Schedule | Philippine British Assurance Company Inc. | 19 November 2025 | 15 December 2026 | P-CBU-25-1-50-5010-000113 |
| Certificate of Berthing Window | *To be provided* | *To be provided* | *To be provided* | *To be provided* |
| Certificate of Compliance under MC72 | MARINA | 14 August 2026 | N/A | MR07-COC-72-2026-040 |

| | | | | |
|---|---|---|---|---|
| Continuous Synopsis Record | MARINA | 14 November 2025 | N/A | 2025-11-050 |
| Ship Radio Station License | National Telecommunications Commission | 3 December 2025 | 13 December 2026 | 7MS-4904-25R |
| Certificate for Radio Operator | MARINA | 22 March 2021 | 22 March 2026 | GOC200005103821 |
| Certificate of Drydocking | Artemis Marine & Industrial Construction Inc. (AMICI) | 4 August 2026 (for period 16 February 2026 to 5 August 2026) | 17 February 2028 to 16 February 2029 (mandatory date of the next drydocking) | N/A |
| Certificate of Classification (Hull) | Ocean Register of Shipping, Inc. | 18 December 2024 | 20 December 2028 | ORS/04-499603/FL |
| Oil Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 18 February 2025 | 10 February 2030 | PCG-2025-OPPC-037 |
| Certificate of Accreditation for Oily Water Separator | National Headquarters Philippine Coast Guard | 19 July 2024 | 19 July 2027 | PCG-2024-OWS-073 |
| Sewage Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 19 July 2024 | 7 May 2029 | PCG-2024-SPC-224 |
| Certificate of Compliance for Holding Tank | National Headquarters Philippine Coast Guard | 27 June 2024 | 27 June 2027 | PCG-2024-HT-220 |
| Shipboard Oil Pollution Emergency Plan (SOPEP) | Marine Environmental Protection Command | 15 July 2024 | 14 July 2027 | 7423-07-24 |
| Garbage Management Plan | Marine Environmental Protection Command | 10 June 2024 | 9 June 2029 | 2242-06-24 |
| Garbage Record Book | Philippine Coast Guard | 10 June 2024 | N/A | 6269-06-24 |
| Ship Sanitation Control Exemption Certificate | Bureau of Quarantine | 23 April 2026 | 22 October 2026 | 047557 |
| Approved Ship Plans | MARINA<br>Ocean Register of Shipping, Inc. | Approved on 30 November 2023 | N/A | Control No. MR07-VPA-2023-219 |
| | | Approved on 11 December 2025 | N/A | N/A |

## IV. MV Manoling 6

| Permits/License Issued | Issuing Agency | Date Issued | Date of Expiry | Permit / License No. |
|---|---|---|---|---|
| Certificate of Ownership | MARINA | 6 October 2025 | N/A | DSSSHR-25-10-06-23859 |
| Certificate of Philippine Registry | MARINA | 6 October 2025 | N/A | DSSSHR-25-10-06-23860 |
| Issuance of Authority to Acquire Ship Thru Importation and Bareboat Charter | MARINA | 23 June 2025 | 23 September 2025 | N/A |

| | | | | |
|---|---|---|---|---|
| Coastwise License | MARINA | 17 July 2026 | 19 August 2027 | DSSLCS-26-07-17-12806 |
| Minimum Safe Manning Certificate | MARINA | 30 September 2025 | 1 October 2026 | N/A |
| Cargo Ship Safety Certificate | MARINA | 11 December 2025 | 17 March 2030 | N/A |
| Safety Management Certificate | MARINA | *New vessel. Not yet due.* | *New vessel. Not yet due.* | *New vessel. Not yet due.* |
| Tonnage Measurement Certificate | MARINA | 11 August 2025 | N/A | MRO7-TMC-2025-106 |
| Load Line Certificate | MARINA | 19 August 2025 | 17 March 2030 | MRO7-LLC-2025-139 |
| Certificate of Stability | MARINA | 19 August 2025 | 15 August 2030 | MRO7-CS-2025-098 |
| Trim and Stability Booklet | MNM Marine Services / MARINA | 18 August 2025 | N/A | MR07-ISB-2025-063 |
| Damage Stability Booklet | MNM Marine Services / MARINA | 18 August 2025 | N/A | MR07-DSB-2025-027 |
| Cargo Securing Manual Compliance Certificate | MARINA | 18 August 2025 | 17 March 2030 | MRO7-CSM-2021-103 |
| Hull Insurance | Stronghold Insurance | 18 June 2026 | 23 July 2027 | MH-HO-0014-105 |
| Passenger Insurance Coverage | Philippine British Assurance Company Inc. | 21 July 2026 | 20 August 2027 | P-CBU-26-1-50-5010-000074 |
| Marina Personal Accident Policy Schedule | Philippine British Assurance Company Inc. | 21 July 2026 | 20 August 2027 | P-CBU-26—1-50-5010-000074 |
| Certificate of Berthing Window | *To be provided* | *To be provided* | *To be provided* | *To be provided* |
| Certificate of Compliance under MC72 | MARINA | Applied 26 December 2025, awaiting for the certificate | Applied 26 December 2025, awaiting for the certificate | Applied 26 December 2025, awaiting for the certificate |
| Continuous Synopsis Record | MARINA | 26 August 2025 | N/A | 2025-08-419 |
| Ship Radio Station License | National Telecommunications Commission | 28 July 2026 | 21 August 2027 | 7MS-5204-26R |
| Certificate for Radio Operator | MARINA | 31 August 2023 | 31 August 2028 | GOC200009350123 |
| Certificate of Drydocking | *New vessel* | N/A | N/A | N/A |
| Oil Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | *New vessel — Pending PCG inspection, subject to inspector availability.* | *New vessel — Pending PCG inspection, subject to inspector availability.* | *New vessel — Pending PCG inspection, subject to inspector availability.* |
| Certificate of Accreditation for Oily Water Separator | National Headquarters Philippine Coast Guard | *New vessel — Pending PCG* | *New vessel — Pending PCG* | *New vessel — Pending PCG inspection,* |

| | | | | |
|---|---|---|---|---|
| | | *inspection, subject to inspector availability.* | *inspection, subject to inspector availability.* | *subject to inspector availability.* |
| Sewage Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 15 April 2026 | 2 February 2031 | PCG-2026-SPPC-014 |
| Certificate of Compliance for Holding Tank | National Headquarters Philippine Coast Guard | 10 March 2026 | 10 March 2029 | PCG-2026-HT-023 |
| Shipboard Oil Pollution Emergency Plan (SOPEP) | Marine Environmental Protection Command | 23 September 2025 | 22 September 2028 | 8681-09-25 |
| Garbage Management Plan | Marine Environmental Protection Command | 23 September 2025 | 22 September 2030 | 3419-09-25 |
| Garbage Record Book | Philippine Coast Guard | 10 June 2025 | N/A | 6269-06-24 |
| Ship Sanitation Control Exemption Certificate | Bureau of Quarantine | 18 August 2026 | 28 February 2027 | 049208 |
| Certificate of Classification (Hull) | Ocean Register of Shipping, Inc. | 26 January 2026 | 10 August 2030 | ORS/04-565902/FL |
| Certificate of Classification (Machinery) | Ocean Register of Shipping, Inc. | 26 January 2026 | 10 August 2030 | ORS/04-565902/FL |
| Approved Ship Plans | Ocean Register of Shipping, Inc. | 21 July 2025 | 23 July 2025 | N/A |
| | Ocean Register of Shipping, Inc. | 2 September 2025 | 2 September 2025 | N/A |

## V. MV Manoling 7

| Permits/License Issued | Issuing Agency | Date Issued | Date of Expiry | Permit / License No. |
|---|---|---|---|---|
| Hull Insurance | Stronghold Insurance Company, Incorporated | 28 July 2026 | 28 July 2027 | MH-HO-0014118 |
| Authority to Import | DOT / MARINA | 26 March 2026 | 24 June 2026 | N/A |

Being newly acquired, most of the permits for MV Manoling 7 are still in process.

## VI. MV Melrivic 1

| Permits/License Issued | Issuing Agency | Date Issued | Date of Expiry | Permit / License No. |
|---|---|---|---|---|
| Certificate of Ownership | MARINA | 19 January 2024 | N/A | 0280048 |
| Certificate of Philippine Registry | MARINA | 19 January 2024 | N/A | 0280047 |
| Coastwise License | MARINA | 10 February 2026 | 20 March 2027 | DSSLCS-26-02-10-10560 |
| Minimum Safe Manning Certificate | MARINA | 23 January 2026 | 22 January 2031 | N/A |
| Certificate of Compliance for Passenger Vessels | MARINA | 13 January 2026 | 14 January 2027 | MRO7-COC-2026-006 |

| | | | | |
|---|---|---|---|---|
| Passenger Ship Safety Certificate | MARINA | 6 January 2026 | 7 October 2026 | MARINA RO V11-2026-0006 |
| Safety Management Certificate | MARINA | 24 May 2024 | 22 February 2029 | ISM-CEB24-145 |
| Tonnage Measurement Certificate | MARINA | 04 January 2024 | N/A | MRO7-TMC-2024-001 |
| Load Line Certificate | MARINA | 06 April 2022 | 14 January 2027 | MRO7-LLC-2022-062 |
| Certificate of Stability | MARINA | 06 April 2022 | 3 March 2027 | MRO7-COS-2022-047 |
| Trim and Stability Booklet | MNM Marine Services / MARINA | 5 April 2022 | N/A | MR07-ISB-2022-030 |
| Damage Stability Booklet | MNM Marine Services / MARINA | 26 June 2019 | N/A | CEB-DS-05B--0419 |
| Cargo Securing Manual Compliance Certificate | MARINA | 06 April 2022 | 14 January 2027 | MRO7-CSM-2022-036 |
| Hull Insurance | Pacific Union Insurance Company | 17 March 2026 | 17 March 2027 | CEBR-2026-MN-HULL-000074-04 |
| Passenger Insurance Coverage | Philippine British Assurance Company Inc. | 29 January 2026 | 16 February 2027 | P-CBU-26-1-50-5010-00010 |
| Marina Personal Accident Policy Schedule | Philippine British Assurance Company Inc. | 28 January 2026 | 16 February 2027 | P-CBU-26-1-50-5010-000010 |
| Certificate of Berthing Window | City of Bogo | 03 January 2016 | N/A | N/A |
| Certificate of Compliance under MC72 | MARINA | 12 March 2018 | N/A | CEB-72-18-010 |
| Continuous Synopsis Record | Available | 16 January 2026 | N/A | 2026-01-066 |
| Ship Radio Station License | National Telecommunications Commission | 05 May 2026 | 22 June 2027 | 7MS-0394-26R/M |
| Certificate for Radio Operator | MARINA | 11 April 2023 | 11 April 2028 | SROPV11-22680 |
| Certificate of Drydocking | Republic Drydock Corporation | 10 October 2024 (for period 6 July 2024 to 8 October 2024) | 9 August 2026 to 9 August 2028 (mandatory date of the next drydocking) | N/A |
| Oil Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | Not applicable because vessel is below 400GT | | |
| Certificate of Accreditation for Oily Water Separator | National Headquarters Philippine Coast Guard | Not applicable because vessel is below 400GT | | |
| Sewage Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 24 May 2024 | 24 May 2029 | PCG-2024-SPPC-205 |
| Certificate of Compliance for Holding Tank | National Headquarters Philippine Coast Guard | 27 June 2024 | 27 June 2027 | PCG-2024-HT-228 |

| | | | | |
|---|---|---|---|---|
| Shipboard Oil Pollution Emergency Plan (SOPEP) | Marine Environmental Protection Command | 19 July 2024 | 18 July 2027 | 7462-07-24 |
| Garbage Management Plan | Marine Environmental Protection Command | 17 February 2022 | 16 February 2027 | 0080-02-22 |
| Garbage Record Book | Philippine Coast Guard | 17 February 2022 | N/A | 3955-02-22 |
| Ship Sanitation Control Exemption Certificate | Bureau of Quarantine | 21 April 2026 | 20 October 2026 | 047529 |
| Certificate of Classification (Hull) | Ocean Register of Shipping, Inc. | 30 October 2024 | 28 October 2029 | ORS/04-484004/FL |
| Certificate of Classification (Machinery) | Ocean Register of Shipping, Inc. | 30 October 2024 | 28 October 2029 | ORS/04-484004/FL |
| Approved Ship Plans | Provided. | Approved on 22 March 2011 | N/A | Control No. 103-03-2211 |
| | | Approved on 8 May 2023 | N/A | Control No. MR07-VPA-2023-006 |

**VII. MV Melrivic 2**

| Permits/License Issued | Issuing Agency | Date Issued | Date of Expiry | Permit / License No. |
|---|---|---|---|---|
| Certificate of Ownership | MARINA | 27 December 2018 | N/A | REG-0128664 |
| Certificate of Philippine Registry | MARINA | 27 December 2018 | N/A | REG-0128663 |
| Coastwise License | MARINA | 26 June 2025 | 29 July 2027 | DSSLCS-26-06-26-12478 |
| Minimum Safe Manning Certificate | MARINA | 01 December 2025 | 28 November 2026 | N/A |
| Certificate of Compliance for Passenger Vessels | MARINA | 27 June 2025 | 8 July 2026 (Drydock ongoing) | MRO7-COC-2025-090 |
| Passenger Ship Safety Certificate | MARINA | 28 May 2025 | 9 April 2026 (Drydock ongoing) | N/A |
| Safety Management Certificate | MARINA | 07 February 2025 | 04 November 2029 | ISM-CEB25-036 |
| Tonnage Measurement Certificate | MARINA | 18 December 2024 | N/A | MRO7-TMC-2024-289 |
| Load Line Certificate | MARINA | 19 December 2024 | 08 July 2026 (Drydock Ongoing) | MRO7-LLC-2024-286 |
| Certificate of Stability | MARINA | 19 August 2024 | 16 August 2029 | MRO7-CS-2024-148 |
| Trim and Stability Booklet | MNM Marine Services / MARINA | 29 August 2014 | N/A | 191-0814 |
| Damage Stability Booklet | MNM Marine Services / MARINA | 29 January 2019 | N/A | 009-0119 |
| Cargo Securing Manual Compliance Certificate | MARINA | 27 July 2021 | 08 July 2026 (Drydock Ongoing) | MRO7-CSM-2021-086 |

| | | | | |
|---|---|---|---|---|
| Passenger Insurance Coverage | Philippine British Assurance Company Inc. | 24 July 2025 | 03 August 2027 | P-CBU-26-1-5010-000067 |
| Marina Personal Accident Policy Schedule | Philippine British Assurance Company Inc. | 21 July 2026 | 3 August 2026 | P-CBU-26-1-50-5010-000067 |
| Certificate of Berthing Window | Cebu Ports Authority | 15 March 2022 | N/A | N/A |
| Certificate of Compliance under MC72 | MARINA | 12 March 2018 | N/A | CEB72-18007 |
| Continuous Synopsis Record | Available | 03 September 2025 | N/A | 2025-09-016 |
| Ship Radio Station License | National Telecommunications Commission | 05 May 2026 | 31 May 2027 | 7MS-0471-26R |
| Certificate for Radio Operator | MARINA | 14 December 2022 | 14 December 2027 | GOC200008568822 |
| Certificate of Drydocking | Artemis Marine & Industrial Construction Inc. (AMICI) | 26 April 2024 (for the period 9 January 2024 to 26 April 2024) | 25 January 2026 to 25 January 2027 (mandatory date of the next drydocking) | N/A |
| Certificate of Classification (Hull) | Ocean Register of Shipping, Inc. | 07 April 2025 | 20 July 2026 (Ongoing Drydock) | ORS/04-536906/FL |
| Certificate of Classification (Machinery) | Ocean Register of Shipping, Inc. | 07 April 2025 | 20 July 2026 (Ongoing Drydock) | ORS/04-536906/FL |
| Oil Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | Not applicable because vessel is below 400GT | | |
| Certificate of Accreditation for Oily Water Separator | National Headquarters Philippine Coast Guard | Not applicable because vessel is below 400GT | | |
| Sewage Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 23 November 2021 | 20 September 2026 | PCG-2021-C-168 |
| Certificate of Compliance for Holding Tank | National Headquarters Philippine Coast Guard | 8 July 2024 | 8 July 2027 | PCG-2024-HT-234 |
| Shipboard Oil Pollution Emergency Plan (SOPEP) | Marine Environmental Protection Command | 11 July 2024 | 10 July 2027 | 7409-07-24 |
| Garbage Management Plan | Marine Environmental Protection Command | 11 July 2024 | 10 July 2029 | 2358-07-24 |
| Garbage Record Book | Philippine Coast Guard | Ongoing dry-dock | Ongoing dry-dock | Ongoing dry-dock |
| Ship Sanitation Control Exemption Certificate | Bureau of Quarantine | 5 May 2026 | 4 November 2026 | 047581 |
| Approved Ship Plans | Provided. | Approved on 7 August 2014 | N/A | Control No. 265-07-081 |

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|---|---|---|---|---|
| | | Approved on 18 March 2019 | N/A | Control No. 221-18-03 |

**VIII. MV Melrivic 7**

| Permits/License Issued | Issuing Agency | Date Issued | Date of Expiry | Permit / License No. |
|---|---|---|---|---|
| Certificate of Ownership | MARINA | 07 December 2018 | N/A | REG-0128592 |
| Certificate of Philippine Registry | MARINA | 07 December 2018 | N/A | REG-0128591 |
| Coastwise License | MARINA | 10 February 2026 | 19 March 2027 | DSSLCS-26-02-10-10571 |
| Minimum Safe Manning Certificate | MARINA | 25 November 2025 | 24 November 2026 | N/A |
| Certificate of Compliance for Passenger Vessels | MARINA | 01 July 2025 | 13 June 2027 | MRO7-COC-2026-112 |
| Passenger Ship Safety Certificate | MARINA | 24 November 2025 | 13 June 2027 | N/A |
| Safety Management Certificate | MARINA | 10 April 2026 | 13 October 2030 | ISM-CEB26-074 |
| Tonnage Measurement Certificate | MARINA | 11 April 2023 | N/A | MRO7-TMC-2023-049 |
| Load Line Certificate | MARINA | 01 July 2025 | 13 June 2030 | MRO7-LLC-2025-111 |
| Certificate of Stability | MARINA | 05 May 2023 | 31 March 2028 | MRO7-CS-2023-064 |
| Trim and Stability Booklet | MNM Marine Services / MARINA | 5 May 2023 | N/A | MR07-ISB-2023-057 |
| Damage Stability Booklet | MNM Marine Services / MARINA | 7 March 2023 | N/A | MR07-SD-2023-90 |
| Cargo Securing Manual Compliance Certificate | MARINA | 01 July 2025 | 13 June 2030 | MRO7-CSM-2025-081 |
| Hull Insurance | Pacific Union Insurance Company | 17 March 2026 | 17 March 2027 | CEBR-2026-MN-HULL-000071-04 |
| Passenger Insurance Coverage | Philippine British Assurance Company Inc. | 19 November 2025 | 12 December 2026 | P-CBU-25-1-50-5010-000116 |
| Marina Personal Accident Policy Schedule | Philippine British Assurance Company Inc. | 19 November 2025 | 12 December 2026 | P-CBU-1-50-5010-000116 |
| Certificate of Berthing Window | City of Bogo | 03 January 2016 | N/A | N/A |
| Certificate of Compliance under MC72 | MARINA | 12 March 2018 | N/A | CEB72-18-008 |
| Continuous Synopsis Record | Available | 21 July 2026 | N/A | 2026-07-092 |
| Ship Radio Station License | National Telecommunications Commission | 26 June 2025 | 29 September 2026 | 7MS-0414-25R/M |

| | | | | |
|---|---|---|---|---|
| Certificate for Radio Operator | MARINA | 2 August 2021 | 2 August 2026 (Ship Radio Station License is up to 29 September 2026) | GOC200006373 121 |
| Certificate of Drydocking | Artemis Marine & Industrial Construction Inc. (AMICI) | 26 June 2025 (for period 20 February 2025 to 25 June 2025) | 24 February 2027 to 24 February 2028 (mandatory date of the next drydocking) | N/A |
| Certificate of Classification (Hull) | Ocean Register of Shipping, Inc. | 30 June 2025 | 24 June 2030 | ORS/04-547607/FL |
| Certificate of Classification (Machinery) | Ocean Register of Shipping, Inc. | 30 June 2025 | 24 June 2030 | ORS/04-547607/FL |
| Oil Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* |
| Certificate of Accreditation for Oily Water Separator | National Headquarters Philippine Coast Guard | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* |
| Sewage Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 10 June 2026 | 25 May 2031 | PCG-2026-SPPC-097 |
| Certificate of Compliance for Holding Tank | National Headquarters Philippine Coast Guard | 12 July 2024 | 12 July 2027 | PCG-2024-HT-248 |
| Shipboard Oil Pollution Emergency Plan (SOPEP) | Marine Environmental Protection Command | 17 July 2024 | 16 July 2027 | 7437-07-24 |
| Garbage Management Plan | Marine Environmental Protection Command | 5 November 2021 | 4 November 2026 | 3718-11-21 |
| Garbage Record Book | Philippine Coast Guard | 9 December 2025 | N/A | 7629-12-25 |
| Ship Sanitation Control Exemption Certificate | Bureau of Quarantine | 21 April 2026 | 20 October 2026 | 047528 |
| Approved Ship Plans | Available | Approved on 15 May 2014 | N/A | Control No. 179-15-051 |
| | | Approved on 10 February 2015 | N/A | Control No. 049-10-8215 |

## IX. LCT Manoling 2

| Permits/License Issued | Issuing Agency | Date Issued | Date of Expiry | Permit / License No. |
|---|---|---|---|---|
| Certificate of Ownership | MARINA | 07 December 2018 | N/A | 0063189 |
| Certificate of Philippine Registry | MARINA | 07 December 2018 | N/A | 0063188 |
| Coastwise License | MARINA | 04 December 2025 | 28 December 2026 | DSSLCS-25-12-04-9664 |
| Minimum Safe Manning Certificate | MARINA | 23 January 2026 | 22 January 2031 | N/A |
| Certificate of Compliance for Passenger Vessels | MARINA | 28 April 2026 | 22 October 2026 | MRO7-COC-2026-082 |
| Passenger Ship Safety Certificate | MARINA | 29 April 2026 | 22 September 2026 | N/A |
| Safety Management Certificate | MARINA | 20 December 2023 | 05 November 2028 | ISM-CEB23-260 |
| Tonnage Measurement Certificate | MARINA | 20 December 2023 | N/A | MRO7-TMC-2023-165 |
| Load Line Certificate | MARINA | 28 April 2026 | 22 October 2030 | MRO7-LLC-2026-078 |
| Certificate of Stability | MARINA | 27 July 2017 | 21 October 2021 (Endorsed September 3, 2026 valid for another 5 years) | CEB-CS-088-0717 |
| Trim and Stability Booklet | MNM Marine Services / MARINA | 22 December 2016 | N/A | 147-1216 |
| Damage Stability Booklet | MNM Marine Services / MARINA | 11 November 2017 | N/A | 009-1117 |
| Cargo Securing Manual Compliance Certificate | MARINA | 28 April 2026 | 22 October 2030 | MRO7-CSM-2026-049 |
| Hull Insurance | Pacific Union Insurance Company | 17 March 2026 | 17 March 2027 | CEBR-2026-MN-HULL-000072-04 |
| Passenger Insurance Coverage | Philippine British Assurance Company Inc. | 19 November 2025 | 06 December 2026 | P-CBU-25-1-50-5010-000115 |
| Marina Personal Accident Policy Schedule | Philippine British Assurance Company Inc. | 19 November 2025 | 06 December 2026 | P-CBU-25-1-50-5010-000115 |
| Certificate of Berthing Window | Republic Drydock, Danao and Pingag Port, Isabel Leyte | N/A | N/A | N/A |
| Certificate of Compliance under MC72 | MARINA | 26 July 2017 | N/A | CEB72-17-012 |
| Continuous Synopsis Record | Available | N/A | N/A | N/A |
| Ship Radio Station License | National Telecommunications Commission | 05 May 2026 | 10 May 2027 | 7MS-2738-26R |

| | | | | |
|---|---|---|---|---|
| Certificate for Radio Operator | MARINA | 26 September 2022 | 26 September 2027 | GOC200008336522 |
| Certificate of Drydocking | Republic Drydock Corporation | 24 October 2025 (for period 20 September 2025 to 23 October 2025) | 17 September 2027 to 17 September 2028 (mandatory date of the next drydocking) | N/A |
| Certificate of Classification (Provisional) | Ocean Register of Shipping, Inc. | 17 April 2026 | 22 September 2026 | ORS/04-574707/FL |
| Oil Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 14 January 2025 | 14 November 2029 | PCG-2025-OPPC-005 |
| Certificate of Accreditation for Oily Water Separator | National Headquarters Philippine Coast Guard | 11 December 2024 | 11 December 2027 | PCG-2024-OWS-331 |
| Sewage Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 10 June 2026 | 25 May 2031 | PCG-2026-SPPC-095 |
| Certificate of Compliance for Holding Tank | National Headquarters Philippine Coast Guard | 23 July 2024 | 23 July 2027 | PCG-2025-HT-261 |
| Shipboard Oil Pollution Emergency Plan (SOPEP) | Marine Environmental Protection Command | 17 July 2024 | 16 July 2027 | 7438-07-24 |
| Garbage Management Plan | Marine Environmental Protection Command | 30 July 2026 | 29 July 2031 | 3751-07-26 |
| Garbage Record Book | Philippine Coast Guard | 8 September 2025 | N/A | 7494-09-25 |
| Ship Sanitation Control Exemption Certificate | Bureau of Quarantine | 5 May 2026 | 4 November 2026 | 047582 |
| Approved Ship Plans | Available | Approved on 7 December 2016 | N/A | Control No. 640-07-12-16 |

## X. MV Alexander Aznar 1

| Permits/License Issued | Issuing Agency | Date Issued | Date of Expiry | Permit / License No. |
|---|---|---|---|---|
| Certificate of Ownership | MARINA | January 27, 2026 | N/A | 386682 |
| Certificate of Philippine Registry | MARINA | January 27, 2026 | N/A | 386683 |
| Coastwise License | MARINA | January 29, 2026 | January 28, 2027 | MRO-V11-CWL-26-001 |
| Minimum Safe Manning Certificate | MARINA | February 3, 2026 | January 28, 2031 | MARINA RO7-2026-0216 |
| Certificate of Compliance for Passenger Vessels | MARINA | April 28, 2026 | September 20, 2026 | MRO7-COC-2026-080 |
| Passenger Ship Safety Certificate | MARINA | 28 April 2026 | September 20, 2026 | N/A |

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|---|---|---|---|---|
| Safety Management Certificate | MARINA | *New Vessel. Not yet due.* | *New Vessel. Not yet due.* | *New Vessel. Not yet due.* |
| Tonnage Measurement Certificate | MARINA | 26 January 2026 | N/A | MRO7-TMC-2026-011 |
| Load Line Certificate | MARINA | 03 February 2026 | 31 August 2030 | MRO7-LLC-2026-019 |
| Certificate of Stability | MARINA | 30 January 2026 | 30 October 2030 and every 5 years thereafter | MRO7-CS-2026-014 |
| Cargo Securing Manual Compliance Certificate | MARINA | 30 January 2026 | August 31, 2030 | MRO7-CSM-2026-011 |
| Hull Insurance | Stronghold Insurance Company, Incorporated | 28 January 2026 | 28 January 2027 | MH-HO-0013903 |
| Passenger Insurance Coverage | Philippine British Assurance Company Inc. | 04 February 2026 | 04 February 2027 | P-CBU-26-1-50-5010-000028 |
| Certificate of Berthing Window | Republic Drydock, Danao26 November 2025 | N/A | N/A | N/A |
| | Pingag Port, Isabel | 24 November 2025 | N/A | N/A |
| Ship Radio Station License | National Telecommunications Commission | 03 February 2026 | 02 February 2027 | 7MS-5234-26N |
| Certificate for Radio Operator | MARINA | 10 September 2025 | 10 September 2030 | GOC200014040325 |
| Certificate of Drydocking | *New vessel* | N/A | N/A | N/A |
| Certificate of Classification (Provisional) | RINA Class | *21 July 2026* | *11 December 2030* | *RINA No. 107125* |
| Oil Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* |
| Certificate of Accreditation for Oily Water Separator | National Headquarters Philippine Coast Guard | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* | *PCG inspection completed; Pending Issuance of the Inspection Results and Certification.* |
| Sewage Pollution Prevention Certificate | National Headquarters Philippine Coast Guard | 13 August 2026 | 13 April 2031 | PCG-2026-SPPC-158 |

| | | | | |
|---|---|---|---|---|
| Certificate of Compliance for Holding Tank | National Headquarters Philippine Coast Guard | 8 May 2026 | 8 May 2029 | PCG-2026-HT-085 |
| Shipboard Oil Pollution Emergency Plan (SOPEP) | Marine Environmental Protection Command | 4 March 2026 | 3 March 2029 | N/A |
| Garbage Management Plan | Marine Environmental Protection Command | 4 March 2026 | 3 March 2031 | 3469-03-26 |
| Garbage Record Book | Philippine Coast Guard | 4 March 2026 | N/A | 7737-03-26 |
| Ship Sanitation Control Exemption Certificate | Bureau of Quarantine | 27 February 2026 | 26 August 2026 (In process of renewal; Awaiting availability of BOQ inspector) | 047282 |
| Approved Ship Plans | MARINA and Ocean Register of Shipping, Inc. | *New vessel, pending approval* | *New vessel, pending approval* | *New vessel, pending approval* |
| Certificate of Registration | Board of Investments | March 25, 2026 | N/A | 2026-086 |

The Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business. The costs for the material permits (i.e. Incorporation process, Business Permits, Licenses to Sell) as well as the cost for compliance with environmental laws only includes the requisite processing and filing fees amounting to approximately Php 10 million.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company is ultimately managed and supervised by its Board of Directors (the "Board"). The Company's executive officers provide the Company's Board the appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review and decision for short term and long-term plan of action. Pursuant to the Company's Amended Articles of Incorporation, the Board shall consist of seven (7) members of which two (2) are independent directors.

**DIRECTORS & EXECUTIVE OFFICERS OF THE COMPANY**

Except as otherwise indicated, the directors were elected at the Company's annual shareholders' meeting on April 16, 2026, to serve for a term of one (1) year and will hold office until their successors have been duly elected and qualified. Mr. Felix Taguiam, Independent Director, was elected during the August 22, 2026 board meeting, while Mr. Ferdinand C. Vargas, non-executive Director, was elected to the Board during the August 22, 2026 board meeting

The annual meeting of the stockholders shall be held every last Monday of June.

The Board is responsible for the direction and control of the business affairs and management of the Company, and the preservation of its assets and properties.

| Directors and Principal Officers of the Company | | | | |
|---|---|---|---|---|
| **Name** | **Age** | **Nationality** | **Position** | **Term** |
| Virgilio Brigido G. Espeleta | 66 | Filipino | Chairman | August 23, 2025 to present |
| Raul Justino M. Cabatingan | 68 | Filipino | Vice Chairman and Treasurer | August 23, 2025 to present |
| Kyle Alexander C. Aznar | 31 | Filipino | President/Chief Executive Officer | October 1, 2022 to present |
| Segismundo F. Exaltacion, Jr. | 57 | Filipino | Director | August 23, 2025 to present |
| Ferdinand C. Vargas | 57 | Filipino | Director | August 22, 2026 to present |
| Euney Marie J. Mata-Perez | 61 | Filipino | Independent Director | August 23, 2025 to present |
| Felix Taguiam | 64 | Filipino | Independent Director | August 22, 2026 to present |
| Dary P. Aran | 42 | Filipino | Chief Financial Officer | September 2025 to present |
| Christopher N. Gujil | 47 | Filipino | Vice President for Operations | 2025 to present |
| Cherry Ane E. Segundino | 38 | Filipino | Investor Relations and Corporate Communications Officer | August 2026 to present |
| Carmel Genevieve S. Magtibay | 32 | Filipino | Corporate Secretary | August 23, 2025 to present |

The following is a brief write-up of the business experience of the Board of Directors and Executive Officers of the Company, with their corresponding positions, offices, and business experience for the past five (5) years:

***Virgilio Brigido G. Espeleta***
*Chairman of the Board*

Mr. Espeleta has served as the Chairman of the Company since 2025. He is also the Chairman of the Board of Tabuelan Sea Transport, Inc. and Aznar Strategic Holdings, Inc. He is the founder of FAMCOR Consultants & Associates, the Vice Chairman of Treasure Island Industrial Corporation, and Local Toll Regulatory Council (LTRC) for Cebu-Cordova Link Expressway Corporation, the President of Delmar Travel & Tours Corporation and a Director of Philippine Chocolate Corporation. He is an Honorary Consul General to the People's Republic of Bangladesh. Mr. Espeleta previously served as Chairman of the Economic Development Committee Regional Development Council - Region VII, Adjunct Faculty of the Asian Institute of Management and President of Cebu Chamber of Commerce and Industry.

Mr. Espeleta earned his Bachelor of Science in Chemical Engineering (cum laude, 1982 Board Topnotcher) from the University of San Carlos in 1982 and his Masters in Business Administration from the Asian Institute of Management.

Mr. Espeleta is not a director of any publicly-listed company in the Philippines.

***Raul Justino M. Cabatingan***
*Vice Chairman and Treasurer*

Mr. Cabatingan has served as the Vice Chairman and Treasurer of the Company since 2025. He is also a Director and the Vice Chairman and Treasurer of Tabuelan Sea Transport, Inc. and Aznar Strategic Holdings, Inc. He previously served as Vice President and Area Head of RCBC Leasing and Finance Corp.

Mr. Cabatingan earned his Bachelor of Science in Management from the Ateneo de Manila University in 1974. Mr. Cabatingan is not connected with any Philippine government agency or instrumentality. He is not a director of any publicly-listed company in the Philippines.

***Kyle Alexander C. Aznar***
*President and Chief Executive Officer*

Mr. Aznar has served as the President and Chief Executive Officer of the Company since 2022. He is also the Director, President and Chief Executive Officer of Aznar Strategic Holdings, Inc.; Chairman of the Board, President and Chief Executive Officer of EB Aznar Shipping Corporation and President of Tabuelan Sea Transport, Inc., Guardian Four Aces Security Agency, Inc. and E.B. Aznar Management Services, Corp.. He previously served as the General Manager of Aznar Shipping Corporation and Vice President for Business Development of the Junior Chamber International Cebu.

Mr. Aznar earned his Bachelor of Science in Business Administration from the University of Asia and the Pacific in 2017.

Mr. Aznar is not connected with any Philippine government agency or instrumentality. He is not a director of any publicly-listed company in the Philippines.

***Segismundo F. Exaltacion, Jr.***
*Director*

Mr. Exaltacion has served as the Company's non-executive director since 2025. He is also a director of Tabuelan Sea Transport, Inc., the President of Tsuneishi Technical Services Philippines, Inc., a Trustee of University of San Jose Recoletos, the Chairman and Non-executive Director of Hanei Corporation and Tsunetech Retirees Foundation, Inc., and a Trustee/Vice President of the Cebu Chamber of Commerce and Industry. He previously served as the General Manager of Tsuneishi Technical Services Philippines, Inc. and Process/ Manufacturing Engineer of NEC Technologies Phils., Inc. and as a Non-executive Trustee in Asian Institute of Management.

Mr. Exaltacion graduated from the University of San Carlos with a degree in Bachelor of Science in Electrical Engineering (*cum laude) in* 1988 *and obtained his* Executive Master of Business Administration degree from the Asian Institute of Management in 2012.

Mr. Exaltacion is not connected with any Philippine government agency or instrumentality. He is not a director of any publicly-listed company in the Philippines

***Ferdinand C. Vargas***
*Director*

Mr. Vargas has served as the Company's non-executive director since 2026. He is also a Director of E.B. Aznar Holdings Corp., Tabuelan Sea Transport. Inc. and FAMCOR Consultants & Associate, President of Straton Management OPC, and Business Advisor of Topline Equity Corp.

Mr. Vargas graduated from Centro Escolar University in 1987 with a degree in Bachelor of Science in Medical Technology in 1987, and Masters in Business Administration – Financial Management from the University of Cebu in 2013.

Mr, Vargas is not connected with any Philippine government agency or instrumentality. He is not a director of any publicly-listed company in the Philippines

***Euney Marie J. Mata-Perez***
*Independent Director*

Ms. Mata-Perez has served as the Company's independent director since 2025. She is also an independent director of Aznar Strategic Holdings, Inc., the Managing and Founding Partner of Mata-Perez, Tamayo & Francisco, the Co-Chair, Tax Committee of the Management Association of the Philippines and a Professor in the Ateneo de Manila School of Law. She previously served as President of Oceana Tax Consultants Association, Inc. and the Tax Management Association of the Philippines and a lawyer in Sycip Salazar Hernandez & Gatmaitan and Salvador & Associates.

Ms. Mata-Perez earned her Bachelor of Science major in Commerce *(Summa cum laude, The Outstanding Graduate) from the* University of San Carlos in 1985, her Bachelor of Laws/ Juris Doctor (Class Salutatorian, Second Honor) from Ateneo de Manila University School of Law in 1992, and her Strategic Business and Economics Program from the University of Asia and the Pacific 2020.

She is a member in good standing of the Integrated Bar of the Philippines. She is not connected with any Philippine government agency or instrumentality, and is not a director of any publicly-listed company in the Philippines.

**Felix Taguiam**
*Independent Director*

Mr. Taguiam served as the Company's independent director since May 2026. He is also the President of Deco Sales, Inc., Decoline, Inc., UJT Traders, Inc., the Corporate Secretary of Sea Road Trading and Logistics, Inc. and Greenworld LED Solutions, Inc., the Vice President of Sanfran Renewable Energy Corporation, and the Regional Governor for Central Visayas for the Philippine Chamber of Commerce and Industry (PCCI). He also previously served as the President of PCCI.

Mr. Taguiam obtained his Bachelor of Science in Electronics and Communications Engineering from the University of San Carlos in 1985.

Mr. Taguiam is not connected with any Philippine government agency or instrumentality. He is not a director of any publicly-listed company in the Philippines.

***Dary P. Aran***
*Chief Financial Officer*

Mr. Aran has served as the Chief Financial Officer of the Company since September 2025. He is also the Chief Financial Officer of Guardian Aces Security Agency Inc., Tabuelan Sea Transport, Inc. and E.B. Aznar Shipping Corporation. He previously served as the AVP - Finance & Accounting of Aboitiz Power Corporation, Accountant of Cotabato Light & Power Co., Management Services, CPA Review

Coordinator of the University of Southern Philippines and a Financial Analyst of GH Corporate Group, Inc.

Mr. Aran earned his Bachelor of Science in Accountancy from Saint Paul University, Dumaguete City in 2005 and his Master of Science in Accountancy from University of San Carlos, Cebu City in 2014.

Mr. Aran is a Certified Public Accountant, Certified Management Accountant and Certified Financial Consultant. He is not connected with any Philippine government agency or instrumentality. He is not a director of any publicly-listed company in the Philippines.

***Christopher N. Gujil***
*Vice President for Operations*

Mr. Gujil has served as Vice President of Operations of the Company since 2025. He previously served as Operations Manager of Tabuelan Sea Transport, Inc., and Operations Staff/Internal Auditor of E.B. Aznar Shipping Corporation

Mr. Gujil earned his Bachelor of Science in Commerce, major in Management Accounting from the University of Bohol in 2004. Mr Gujil is not connected with any Philippine government agency or instrumentality. He is not a director off any publicly-listed company in the Philippines.

***Cherry Ane E. Segundino***
Investor Relations and Corporate Communications Officer

Ms. Segundino has served as the Investor Relations and Corporate Communications Officer of the Company since 2026. She was previously the HR & Admin. Manager of Tabuelan Sea Transport, Inc.

Mr. Segundino earned her Bachelor of Arts in Psychology from the University of Cebu in 2006. Ms. Segundino is not connected with any Philippine government agency or instrumentality. She is not a director of any publicly-listed company in the Philippines.

**Carmel Genevieve S. Magtibay**
*Corporate Secretary*

Ms. Magtibay has served as the Company's Corporate Secretary since August 23, 2025. She also previously served as the Corporate Secretary of the Local Toll Regulatory Council.

Ms. Magtibay earned her Political Science degree, with minor in Economics, from the University of San Carlos in 2015. She pursued a law degree from the same university and graduated in 2019. Ms. Magtibay is not connected with any Philippine government agency or instrumentality. She is not a director of any publicly-listed company in the Philippines.

## FAMILY RELATIONSHIPS

No directors or officers are related within the fourth degree of consanguinity to each other,

## INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

As of the date of this Prospectus, the Company is not aware of the occurrence of any of the following events that are material to the evaluation of the ability or integrity of any director or executive officer:

- Any bankruptcy petition filed by or against any director, or any business of a director, nominee for election as director, or executive officer who was a director, general partner or executive officer of said business either at the time of the bankruptcy or within 2 years prior to that time;
- Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

**COMPENSATION OF DIRECTORS**

Under the By-Laws of the Company, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each Board meeting. As compensation, the Board shall receive an amount of not more than 10% of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

**COMMITTEES OF THE BOARD**

To aid in complying with the principles of good governance, the Manual provides that the Board shall create and appoint Board members to each of the committees set forth below. Each member of the respective committees named below holds office as of the date of this Prospectus and will serve until his successor is elected and qualified.

**Board Audit and Related Party Transactions Committee**

The Board Audit and Related Party Transactions Committee shall enhance the Board's oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. It is also tasked with reviewing all material related party transactions of the company.

The Board Audit and Related Party Transactions Committee shall be responsible for setting the Internal Audit Department and for the appointment of the Internal Auditor as well as the independent external auditor who shall both report directly to the Board Audit and Related Party Transactions Committee. It shall monitor and evaluate the adequacy and effectiveness of the internal control system. Further, the said Committee shall have explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend meetings, and adequate resources to enable it to effectively discharge its functions.

The Board Audit and Related Party Transactions Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairperson, should be independent directors. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairperson of the Audit Committee should not be the Chairperson of the Board or of any other committees. Preferably, the members shall have accounting and finance backgrounds, and at least one (1) member shall have audit experience. Each member shall have adequate understanding at least, or competence at most, of the Company's financial management systems and environment.

The Board Audit and Related Party Transactions Committee shall have the following duties and responsibilities:

- Provide oversight over management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- Recommends the approval of the Internal Audit (IA) Charter, which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;

- Through the IA Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to i) safeguard the Company's resources and ensure their effective utilization, ii) prevent occurrence of fraud and other irregularities, iii) protect the accuracy and reliability of the Company's financial data and information technology security, and iv) ensure compliance with applicable laws and regulations;
- Oversees the IA Department and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, the Internal Auditor should directly report to the Audit Committee;
- Reviews and monitors management's responsiveness to the Internal Auditor's findings and recommendations;
- Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources, and budget necessary to implement it;
- Prior to the commencement of the audit, discusses with the external auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- Evaluates and determines the non-audit work, if any, of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;
- Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
- Any change/s in accounting policies and practices
- Areas where a significant amount of judgment has been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements
- Reviews the disposition of the recommendations in the external auditor's management letter;
- Performs oversight functions over the Company's internal and external auditors, including the review of reports submitted by them. It ensures the independence of internal and external auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the Commission, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders
- Establish a policy on material RPTs that promotes transparency and ensure that transactions occur under conditions that protect the rights of all stakeholders;
- Evaluate, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirements) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate business resources of the corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:

    - The related party's relationship to the corporation and interest in the transaction;
    - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
    - The purpose and timing of the proposed RPT;
    - The benefits to the Corporation of the proposed RPT;
    - The availability of the other sources of comparable products or services; and
    - An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The corporation shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating the corporation's RPT exposures reviewed and approved during the year including unusual or infrequently occurring transactions, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the corporation's affiliation or transactions with other related parties;
- Report to the Board, on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- Ensure that transactions with related parties, including write-off of exposures are subject to periodic independent review or audit process;
- Oversee the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPTs, including periodic review of RPT policies and procedures; and
- If needed, appoint an independent party to evaluate the fairness of the transaction price on the acquisition and disposal of assets, particularly those passing a materiality threshold determined by the RPT Committee.

The Board Audit and Related Party Transactions meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.

The Board Audit and Related Party Transactions is chaired by Atty. Euney Marie Mata-Perez (Independent Director) and has Mr. Raul Justino M. Cabatingan (non-Executive Director) and Mr. Felix Taguiam (Independent Director), as members.

**Board Environmental, Social, Corporate Governance, and Compliance (ESCGC) Committee**

The Board ESCGC Committee is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to the nomination and remuneration committee. It should be composed of at least three (3) directors, majority of whom should be independent directors, including the Chairperson.

The Board ESCGC Committee shall have the following duties and responsibilities:

- Oversee the implementation of a corporate governance framework and periodically review the said framework to ensure that it remains relevant in light of material changes to the Company's size, complexity and business strategy, as well as its compliance with regulatory requirements of relevant government agencies such as but not limited to the SEC, PSE, and local government units;
- Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conduct annual self-evaluation of its performance;
- Ensure that the results of the Board evaluation are shared, discussed and that concrete action plans are developed and implemented to address the identified areas for improvement;
- Recommend continuing education/training programs for directors, assignment of tasks/projects to Board committees, succession plan for the Board members and senior officers, and remuneration packages for corporate and individual performance;
- Review and evaluate the qualifications of all individuals to be appointed to such positions within the Corporation that require Board approval;
- Review the Company's human resources development or personnel handbook to strengthen provisions on conflict of interest and directives on promotion and career advancement;
- Oversee whistleblower complaints and investigations; and

- Other functions as may be delegated by the Board.

The committee's members are Mr. Segismundo Exaltacion, Jr. (Non-Executive Director), as Chairman, and Mr. Kyle Alexander C. Aznar (Executive Director) and Mr. Virgilio Brigido Espeleta (Non-Executive Director) as members.

**Board Risk Committee**

The Board Risk Committee is tasked to assist the Board in fulfilling its oversight responsibilities relating to the Corporation's enterprise-wide risk management framework, including the identification, assessment, monitoring, and mitigation of risks.

The Board Risk Committee shall have the following duties and responsibilities:

- Review and recommend for Board approval the Corporation's Enterprise Risk Management (ERM) framework and policies;
- Oversee the adequacy and effectiveness of the Corporation's risk management systems and processes;
- Ensure that risk management is integrated into corporate strategy, planning, and decision-making;
- Monitor Management's implementation of risk mitigation strategies;
- Oversee the identification and monitoring of material risks, including but not limited to:
  - Strategic and business risks
  - Financial risks (liquidity, credit, market risks)
  - Operational risks
  - Regulatory and compliance risks
  - Reputational risks
  - Technology and cybersecurity risks
  - Environmental and climate-related risks
- Review and recommend to the Board the Corporation's risk appetite statement and risk tolerance levels;
- Monitor the Corporation's risk profile against approved risk appetite thresholds;
- Escalate material deviations or significant exposures to the Board;
- Oversee the adequacy of internal controls relating to risk management;
- Coordinate with the Audit Committee on matters relating to internal control systems, financial reporting risks, and audit findings;
- Coordinate with other Board committees on overlapping risk areas;
- Review and oversee the Corporation's business continuity and disaster recovery plans;
- Review risk-related disclosures in the Corporation's annual reports, sustainability reports, or other regulatory filings;
- Ensure that material risks are appropriately disclosed in accordance with applicable laws and regulations.

It should be composed of at least three members, which shall include at least one independent director who shall also be the chairman of the committee.

The committee's members are Mr. Segismundo Exaltacion (non-Executive Director) and Mr. Kyle Alexander C. Aznar (Executive Director) while Mr. Felix Taguiam (Independent Director) serves as chairman.

**Nomination, Compensation and Strategy Committee**

The Board Nomination, Compensation and Strategy Committee shall be tasked to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval; develop, review and constantly update the Company's compensation policy as well as ensure that the remuneration of directors and officers is consistent with the Company's culture, strategy and the business environment in which it operates; and ensure leadership continuity within the different departments and operations of the Company.

The Board Nomination, Compensation and Strategy Committee shall have the following duties and responsibilities:

Nomination Functions:

- Drawing upon a diverse range of skills, experiences, and perspectives, the Nomination Committee shall carefully assess candidates to ensure that the Board is comprised of individuals equipped with the expertise, integrity, and commitment to effectively oversee the Corporation's affairs;
- Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.

Compensation Functions:

- Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers;
- Ensure that such packages are fair, competitive, and reflective of the Corporation's financial health and objectives, as well as shareholder interests.

Strategy Functions:

- Review and evaluate Management's proposed strategies and provide recommendations to the Board to promote value creation while balancing risks, financial performance, and stakeholder interests.

The committee's members are Mr. Segismundo Exaltacion (non-Executive Director) and Mr. Kyle Alexander C. Aznar (Executive Director) while Mr. Virgilio Brigido Espeleta (Non-Executive Director) serves as chairman.

**Significant employees**

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of its performance.

**Compensation of directors and officers**

The aggregate compensation paid or accrued to the Company's Chief Executive Officer, its four most highly compensated senior officers, and directors during the last two completed fiscal years and the ensuing fiscal year is included in the compensation table below (in Philippine Peso).

**Summary compensation table**

| COMPENSATION TABLE | | | | |
|---|---|---|---|---|
| Name of Officer and Principal Position | Year | Salary (in Php) | Bonus | Other Annual Compensation |
| Chief Executive Officer and the Four Most highly compensated executive officers<br><br>1. Kyle Alexander Aznar<br>*President and Chief Executive Officer*<br>2. Dary P. Aran | | | | |

| | | | | |
|---|---|---|---|---|
| *Chief Finance Officer*<br>3. Christopher N. Gujil<br>*Vice President for Operations*<br>4. Cherry Ane E. Segundino<br>*Investor Relations and Corporate Communications Officer*<br>5. Renato` B. Sato<br>*Internal Audit Head* | | | | |
| **All above named officers as a group** | Actual 2025<br>Actual 2024<br>Projected 2026 | 4,605,000<br>4,080,000<br>7,080,000 | 383,750<br>340,000<br>3,170,056 | 460,500<br>408,000<br>1,062,000 |
| **All other officers and directors as a group** | Actual 2025<br>Actual 2024<br>Projected 2026 | -<br>-<br>- | -<br>-<br>6,020,130 | 1,705,000<br>1,555,000<br>1,880,000 |

**Standard arrangements and other arrangements**

The Company's directors, including the Chairman of the Board and Board Committee, receive a per diem of Php 25,000.00 for every Board and Php 10,000.00 for every Board Committee meeting.

Other than the foregoing, there is no standard arrangement by which directors of the Company are compensated either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's CEO, other officers and/or directors.

**Employment contracts, termination of employment, change-in-control arrangements**

There is no compensatory plan or arrangement between the Company and its senior officers in case of resignation or termination of employment, or from a change in the management or control of the Company.

**Warrants and options**

There are no outstanding warrants and options held by any of the Company's directors and executive officers.

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**Security ownership of certain record and beneficial stockholders**

The following are the top 20 stockholders of the Company as of the date of this Prospectus.

| | Name | Number of Shares | % Ownership |
|---|---|---|---|
| 1 | EB Aznar Shipping Corporation | 1,000,270,000 | 38.53% |
| 2 | Tabuelan Sea Transport, Inc | 677,882,730 | 26.11% |
| 3 | Aznar Strategic Holdings, Inc. | 255,000,000 | 9.82% |
| 4 | Jocelyn Cecilia Aznar Beane | 120,723,660 | 4.65% |
| 5 | Zoraida S. Aznar | 120,723,660 | 4.65% |
| 6 | Ma. Theresa Aznar | 120,723,660 | 4.65% |
| 7 | Hydie M. Vargas | 85,000,000 | 3.27% |
| 8 | Kyle Alexander C. Aznar | 75,360,340 | 2.90% |
| 9 | Katrina Elizabeth C. Aznar | 60,361,840 | 2.33% |
| 10 | Raul Justino M. Cabatingan | 20,001,500 | 0.77% |
| 11 | Virgilio Brigido G. Espeleta | 20,001,500 | 0.77% |
| 12 | Ferdinand C. Vargas | 20,001,500 | 0.77% |
| 13 | Segismundo F. Exaltacion, Jr. | 20,001,500 | 0.77% |
| 14 | Euney Marie J. Mata-Perez | 1,500 | 0.00% |
| 15 | Felix Taguiam | 1,500 | 0.00% |
| | **GRAND TOTAL** | **2,596,054,890** | **100%** |

**Security ownership of the company's directors and management**

The following table shows the security ownership of directors and principal officers in the common shares of the Company as of the date of this Prospectus:

| Title of Class | Name, address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Position | Citizenship | No. of Shares Held | % Ownership |
|---|---|---|---|---|---|---|
| Common | Virgilio Brigido G. Espeleta | Direct/ Beneficial/ Record | Chairman of the Board | Filipino | 20,001,500 | 0.77% |
| Common | Raul Justino M. Cabatingan | Direct/ Beneficial/ Record | Vice Chairman and Treasurer | Filipino | 20,001,500 | 0.77% |
| Common | Segismundo Exaltacion, Jr | Direct/ Beneficial/ Record | Director | Filipino | 20,001,500 | 0.77% |
| Common | Ferdinand C. Vargas | Direct/ Beneficial/ Record | Director | Filipino | 20,001,500 | 0.77% |
| Common | Kyle Alexander C. Aznar | Direct/ Beneficial/ Record | Director/ President and Chief Executive Officer | Filipino | 75,360,340 | 2.90% |
| Common | Euney Marie Mata-Perez | Direct/ Beneficial/ Record | Independent Director | Filipino | 1,500 | 0.00% |
| Common | Felix Taguiam | Direct/ Beneficial/ Record | Independent Director | Filipino | 1,500 | 0.00% |

| Title of Class | Name, address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Position | Citizenship | No. of Shares Held | % Ownership |
|---|---|---|---|---|---|---|
| | TOTAL | | | | 155,369,340 | 5.98 |
| *Except for 1,000 shares held by each of Messrs. Virgilio Brigido G. Espeleta, Raul Justino M. Cabatingan, Segismundo F. Exaltacion, Jr., and Ferdinand C. Vargas, the Beneficial Owner is the Record Owner | | | | | | |

**Voting trust**

The Company is unaware of any person holding more than five percent (5%) of shares under a voting trust or similar agreement.

**Change in control**

As of the date of this Prospectus, there is no arrangement which may result in a change in control of the Company. For information on Changes in Control, see the section *Description of Shares* of this Prospectus.

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# DESCRIPTION OF PROPERTY

**Intellectual property**

As of the date of this Prospectus, the Company own the following registered trademarks in the Philippines.

| Trademark | Status | Expiration |
|---|---|---|
| AZNAR SHIPPING | Registered as of July 10, 2026 | July 10, 2036 |

**Vessels**

As of the date of this Prospectus, the Company owns ten (10) operating vessels, composed of four (4) RoRo vessels and six (6) RoRoPax vessels. The fleet serves short-haul inter-island routes and is compatible with the feeder port infrastructure in the Visayas Region.

| Vessel | Gross Tonnage | Type | Year Acquired | Encumbered |
|---|---|---|---|---|
| Manoling 1 | 795 | ROROPax | 2016 | Encumbered in favor of RCBC Leasing & Finance |
| Manoling 3 | 1598 | RORO | 2021 | Encumbered in favor of RCBC Leasing & Finance |
| Manoling 5 | 820 | RORO | 2023 | Encumbered in favor of PNB |
| Manoling 6 | 2,337 | RORO | 2025 | Encumbered in favor of PNB |
| Alexander 1 | 2,179 | ROROPax | 2025 | Encumbered in favor of PNB |
| Manoling 7 | 2,337 | RORO | 2026 | Encumbered in favor of BPI |
| Manoling 2 | 616 | ROROPax | 2026 | Encumbered in favor of RCBC Leasing & Finance |
| Melrivic 2 | 334 | ROROPax | 2026 | None |
| Melrivic 1 | 321 | ROROPax | 2026 | None |
| Melrivic 7 | 506 | ROROPax | 2026 | None |

**Legal proceedings on properties**

There is no pending litigation or arbitration proceedings where the Issuer is a party, and no litigation or claim of material importance is known to the Directors to be pending or threatened against its properties.

# LEGAL PROCEEDINGS

Except as disclosed in this section, as of the date of this Prospectus, the Company is not a party to, and none of its properties is the subject of, any pending legal or arbitration proceeding, and no such proceeding is known to the Directors to be threatened against the Company or its properties which, if determined adversely to the Company, would have a material adverse effect on the business, financial condition or results of operations of the Company.

**MARINA Appeal Case No. FSAPP-2026-001**

The Company is the Appellee in Appeal Case No. FSAPP-2026-001 pending before the Maritime Industry Authority ("**MARINA**"). Santa Clara Shipping Corporation ("**SCSC**") applied for an amendment of its Certificate of Public Convenience to include Danao–Palompon as a permanent route for its vessel MV King Frederick. MARINA denied the application on the ground that the proposed route would overlap with the Pioneer Status granted to the Company, then Guardian Four Aces Shipping Corporation, in respect of M/V Alexander, which confers exclusivity over the Danao–Isabel route, subject to certain exceptions. SCSC filed its appeal from the denial on 19 March 2026, and the Company filed its Verified Counter-Memorandum on 21 May 2026. The appeal remains pending as of the date of this Prospectus.

In the event MARINA reverses or modifies its ruling, the Company's route exclusivity over Danao–Isabel may be diluted or the exclusivity qualified.

# DESCRIPTION OF THE OFFER SHARES

Information relating to the Common Shares is set forth below. The description is only a summary and is qualified by reference to Philippine law and the Company's Amended Articles of Incorporation ("**Articles**") and By-Laws ("By-Laws"), both as amended, copies of which are available at the SEC.

**Share Capital**

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in its articles of incorporation and by-laws. A corporation may increase or decrease its authorized capital stock upon approval by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock at a shareholders' meeting duly called for that purpose and is duly approved by the SEC.

All of the Company's shares that are currently issued or authorized to be issued are common shares and have a par value of Php 0.10 per share. If shares are issued at a price above par, whether for cash or otherwise, the amount by which the subscription price exceed the par value is credited to an account designated as paid-in surplus.

A corporation may acquire its own shares for a legitimate corporate purpose, provided that it has sufficient unrestricted retained earnings in its books to pay for the acquisition and it complies with the other conditions for the purchase. A corporation may acquire its own shares to:

- Eliminate fractional shares arising out of stock dividends;
- Collect or compromise a debt to the corporation arising out of the unpaid subscription in a delinquency sale or to purchase delinquent shares during such sale; and
- Pay dissenting shareholders exercising their appraisal right.

The purchased shares form part of the corporation's treasury shares upon the corporation's acquisition. A corporation may re-issue or sell the treasury shares at a price to be fixed by the board of directors.

The Board is authorized to re-issue shares from the treasury from time to time.

**Rights Relating to the Common Shares**

**Voting Rights**

Each Common Share entitles the holder to one (1) vote.

At each meeting of the stockholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one (1) vote for each share of stock standing in his name in the books of the Company at the time of the closing of the transfer books for such meeting.

In the election of Directors, each stockholder, in person or by proxy, is entitled to such number of votes as is equivalent to the product of the number of Common Shares owned by him multiplied by the number of Directors to be elected. The stockholder may cumulate his votes in favor of one (1) or more candidates as he may see fit. A Director may also be removed by the vote of stockholders representing two-thirds ($^2/_3$) of the outstanding voting shares, in accordance with the provisions of Section 27 of the Revised Corporation Code.

Voting rights cannot be exercised with respect to shares declared delinquent or treasury shares, or with respect to shares upon which its appraisal right has been exercised.

**Pre-emptive Rights**

Section 38 of the Revised Corporation Code provides that all stockholders of a stock corporation will enjoy pre-emptive right to subscribe to all issues or disposition of shares of any class, in proportion to their respective shareholdings, unless such right is denied by the Articles of Incorporation or an amendment thereto. Under the Company's Articles of Incorporation, pre-emptive rights are denied as to all issuances or dispositions of the Company's Common Shares.

The Company's Amended Articles of Incorporation state that "no stockholders of any class shall be entitled to any pre-emptive right to purchase, subscribe for, or receive any part of the shares of the corporation whether issued from the unissued capital, increase in its authorized capital stock, or its treasury stock".

**Dividend Rights**

Dividends may be declared from the unrestricted retained earnings of the Company at such time and in such percentage or amount as the Board of Directors may deem proper. No dividend shall be declared that will impair the capital stock of the Company.

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation that have not been allocated for any purpose. A corporation may pay dividends in cash, in property, or by the issuance of shares (stock dividend). Stock dividends may only be declared and paid with the approval of stockholders representing at least two-thirds of the issued and outstanding capital stock of the corporation voting at a stockholders' meeting duly called for the purpose.

The Revised Corporation Code requires, as a general rule, that a corporation with retained earnings in excess of 100.00% of its paid-in capital declare and distribute as dividends the amount of such surplus. Notwithstanding this requirement, a corporation may retain all or any portion of such surplus in the following cases: (a) when justified by definite expansion plans approved by the board of directors of the corporation; (b) when the required consent of any financing institution or creditor to such distribution has not been secured; or (c) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies.

Please see further discussion under "Dividends and Dividend Policy".

**Appraisal Rights**

The Revised Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- An amendment of the Articles of Incorporation that has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence;
- The sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
- A merger or consolidation; and
- Investment of corporate funds for any purpose other than the primary purpose of the corporation.

In any of these circumstances, the dissenting shareholder may require the Company to purchase its shares at a fair value, which in default of agreement is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the Company, and the third by the two thus chosen. In the event of a dispute, the SEC will determine any question about whether a dissenting shareholder is entitled to this right of appraisal. This remedy will only be available if the Company has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting stockholders. From the time the shareholder makes a demand for payment until the Company purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

**Access to Corporate Books and Records**

Stockholders have the right to inspect the books and records of the Company, including the minutes of all Board and stockholders' meetings, and records of business transactions of the Company. However, the right of inspection may be denied if the shareholder seeking to examine the corporate records is not acting in good faith or for a legitimate purpose in making the demand for inspection or has improperly used any information secured through any prior examination of the records of such corporation or any other corporation.

**Liquidation Rights**

Each shareholder is entitled to a pro rata share in the assets of the Company available for distribution to the stockholders in the event of dissolution, liquidation and winding up, subject to the superior rights of the creditors of the Company.

**Derivative Rights**

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the Company in a derivative action in circumstances where the Company itself is unable or unwilling to institute necessary proceedings to redress wrongs committed against the Company or to vindicate corporate rights such as, for example, where the directors themselves are the malefactors.

**Treasury Shares**

The Company may acquire its own Common Shares, provided that, it has unrestricted retained earnings to pay for the Common Shares to be acquired or purchased and only for a legitimate corporate purpose/s, including, but not limited to: (a) to eliminate fractional shares arising out of stock dividends, (b) to collect or compromise an indebtedness to the Company, arising out of unpaid subscription, in a delinquency sale, and to purchase delinquent shares sold during said sale; and (c) to pay dissenting or withdrawing stockholders entitled to payment for their shares under the provisions of the Revised Corporation Code.

The Common Shares repurchased by the Company shall become treasury shares that may again be disposed of at a reasonable price as may be fixed by the Board of Directors. These treasury shares have neither voting rights nor dividend rights as long as they remain as treasury shares.

As of the date of this Prospectus, the Company does not hold any treasury shares.

**Other Securities**

The Company has not issued any other form of securities other than its Common Shares.

**Stock Transfer Agent**

The Company's stock and transfer book is maintained at the principal office of the Company's stock transfer agent, Stock Transfer Service, Inc..

**Changes in Control**

There are no existing provisions in the amended Articles of Incorporation and amended By-Laws of the Company, which may cause delay, deferment, or in any manner prevent a change in control of the Company.

**Board of Directors**

Unless otherwise provided by law, the Company's corporate powers are exercised, business conducted, and all of its property are controlled and held, by the Board of Directors. The Company has seven (7) directors, two (2) of whom are independent directors. They shall be elected by the Company's shareholders who are entitled to vote at the annual meeting and shall hold office for one (1) year until their successors are elected and qualified in accordance with the Company's by-laws.

Any vacancy by reason of death, resignation, or removal of a director prior to the expiration of the director's term, may be filled by the vote of at least a majority of the remaining members of the Board, if still constituting a quorum; otherwise, the vacancy must be filled by the shareholders at a regular or at any special meeting of the shareholders called for that purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.

**Shareholders' Meeting**

**Annual or Regular Shareholders' Meetings**

Philippine corporations are required to hold an annual meeting of shareholders. Under the Company's by-laws, the annual shareholders' meeting shall be held on last Monday of June of each year in the city where the principal office of the Company is located.

**Special Shareholders' Meeting**

Special meeting of the shareholders may be called at any time by resolution of: (a) the board of directors, at its own instance, or at the written request of the shareholders representing at least a majority of the total outstanding stock, or (b) the President.

**Notice of Shareholders' Meeting**

Under SEC Memorandum Circular No. 3, Series of 2020, the corporate secretary shall send the notice of any regular meeting of the shareholders by personal delivery or by mail to each shareholder of record at his last known address at least twenty-one (21) calendar days prior to the date of the meeting. For special meetings of the shareholders, the Company's by-laws provides that the corporate secretary shall send the notice of such special meeting of the shareholders by personal delivery or by mail to each shareholder of record at his last known address or by publication in a newspaper of general circulation two (2) weeks before the date of the meeting. The notice should state the place, date, and hour of the meeting, and the purpose for which the meeting is called. Shareholders may waive their right to a notice of any meeting, expressly or impliedly before or after the meeting.

**Quorum**

A majority of the issued capital stock of the Company, either in person or by proxy, shall constitute a quorum, and a majority of the quorum shall decide any question before the meeting except as otherwise provided by law. If there is no quorum for the meeting, the meeting shall be adjourned until the required number of Shares shall be present or represented.

**Voting**

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by a duly appointed proxy. Except in cases otherwise provided by law, a majority of the votes cast by the shareholders present in person or by proxy at any meetings is sufficient to approve any resolution.

**Fixing Record Dates**

For purposes of determining the shareholders entitled to notice of, or to vote or be voted at any meeting of the shareholders or any adjournment thereof or to receive payment of any dividends or other distribution or allotment of any rights, or to exercise the rights in respect of any change, conversion or exchange of the capital stock, the Board of Directors may provide that the stock and transfer books be closed for such period as may be deemed advisable previous to such meeting.

Under the rules of the Securities and Exchange Commission, the record date of cash dividend declaration of a listed company should be not less than 10 and not more than 30 days from the date of declaration. For declaration of stock dividends, the record date must not be less than 10 and not more than 30 days from the date of the shareholders' approval. The record date must also be not less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividends. For declaration of stock dividends as part of the increase in authorized capital stock, the record date is fixed by the Securities and Exchange Commission.

**Proxies**

Shareholders may vote in person or by proxy. Proxies must be filed with the Corporate Secretary or the Company's transfer agent at least seven (7) days before the day of the meeting. Proxies previously filed may be revoked by the shareholders either in an instrument in writing duly presented to the Corporate Secretary or the Company's transfer agent at least three (3) days before the day of the meeting or by their personal presence at the meeting. Validation of proxies should be done at least five (5) days before the day of the meeting by the Corporate Secretary or by a special committee of inspectors composed of the Corporate Secretary and a representative of the transfer agent. The decision of the Corporate Secretary or the special committee of inspectors, as the case may be, on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.

Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

**Transfer of Common Shares**

All transfer of shares on the PSE shall be effected by means of a book-entry system. Under this system of trading and settlement, a registered shareholder transfers legal title over the shares to such nominee but retains beneficial ownership over the shares. A shareholder transfers legal title by surrendering the stock certificate representing his shares to participants of the PDTC system (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee. A shareholder may request his shares to be uplifted from the PDTC, in which case a certificate of stock is issued to the shareholder and the shares are registered in the shareholder's name. See "The Philippine Stock Market" section of this Prospectus.

Philippine law does not require transfers of shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange, and documentary stamp tax. See "Philippine Taxation" section of this Prospectus. All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

**Share Register**

The Company's share register is maintained at the principal office of its share transfer agent, Stock Transfer Service, Inc.

**Issues of Shares**

Subject to otherwise applicable limitations, the Company may issue additional shares to any person for consideration that the Board deems fair, provided that such consideration shall not be less than the par value of the issued shares. Share certificates may only be issued to a subscriber upon full payment of the subscription together with interest and expenses (in case of delinquent shares). Under PSE rules, only fully paid-up shares may be listed on the PSE.

**Share Certificates**

Certificates representing the Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders may request the Company's stock transfer agent to split their certificates. Shares may also be lodged and maintained under the book-entry system of the PDTC. See "the Philippine Stock Market" section of this Prospectus.

**Mandatory Tender Offer**

It is mandatory for any person or group of persons acting in concert to make a tender offer to all the shareholders of the target corporation before the intended acquisition of:

- At least 35% of the outstanding voting shares of such outstanding voting shares that are sufficient to gain control of the board in a public company, in one or more transactions within a period of 12 months; such intention should be disclosed and the tender offer shall be made for the percentage sough to all holders of such securities within the said period; or

- At least 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders; the tender offer shall be made for all outstanding voting shares; or
- Less than 35% of such equity that will result in ownership of over 51% of the total outstanding equity securities in a public company.

The term "public company" refers to: (i) a corporation with a class of securities listed on an exchange, such as the PSE; or (ii) a corporation with assets of at least Php 50 million and having 200 or more shareholders with at least 100 shares each.

When the securities tendered pursuant to such an offer exceed the number of shares that the acquiring person or group of persons is willing to acquire, the securities shall be purchased from each tendering shareholder on a pro rata basis according to the number of securities tendered by each security holder. In the event that the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer shall be proportionately distributed to both the selling shareholders with whom the acquirer may have been in private negotiations with and the minority shareholders.

In a mandatory tender offer, the acquirer must offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisitions of even less than 35% would result in ownership of 51% of the total outstanding equity, the acquirer shall make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such tender offer shall accept any and all securities thus tendered.

No mandatory tender offer is required in:

- Purchases of shares from unissued capital shares unless it will result in a 50% or more ownership of shares by the purchaser;
- Purchases from an increase in the authorized capital shares of the target company;
- Purchases in connection with a foreclosure proceeding involving a pledge or security where the acquisition is made by a debtor or creditor;
- Purchases in connection with a privatization undertaken by the government of the Philippines;
- Purchases in connection with corporate rehabilitation under court supervision;
- Purchases through an open market at the prevailing market price; or
- Purchases resulting from a merger or consolidation.

**Fundamental Matters**

The Revised Corporation Code considers certain matters as significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. These acts, which require board of directors' approval and the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation (except for the amendment of by-laws and approval of management contracts in general, which require approval of shareholders representing a majority of the corporation's outstanding capital stock), include:

- Amendment of the articles of incorporation;
- An increase or decrease of capital stock and incurring, creating or increasing bonded indebtedness;
- Delegation to the board of directors of the power to amend or repeal or to adopt new by-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the corporation's assets;
- Merger or consolidation;
- Investment of corporate funds in any other corporation or for a purpose other than the primary purpose for which the corporation was organized;
- Dissolution of the corporation;
- Denial of pre-emptive rights to shares to be issued in good faith in exchange for property needed for corporate purposes or in payment of a previously contracted debt;
- Declaration or issuance of stock dividends;

- Ratification of a contract between the corporation and a director or officer where the vote of such director or officer was necessary for approval;
- Execution of a management contract where (a) a majority of directors of the managing corporation constitutes the majority of the board of the managed company or (b) shareholders of both the managing and managed corporations represent the same interest and own or control more than one third of the outstanding capital stock entitled to vote;
- Removal of directors; and
- Ratification of contracts with corporations in which a director is also a member of the board, where the interest of the director is substantial in one corporation and nominal in the other.

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting preferred shares, is required for the adoption or amendment of the by-laws of such corporation.

**Other Features of the Offer Shares**

The Offer Shares are neither convertible nor subject to redemption. All of the Company's issued shares are fully paid and non-assessable and are free and clear of all liens, claims, and encumbrances. All documentary stamp taxes due on the issuance of all issued shares have been fully paid.

**Accounting and Auditing Requirement**

Philippine corporations are required to file copies of their annual financial statements with the Philippine SEC. Companies listed on the PSE must also file their quarterly financial statements with the Philippine SEC and the PSE.

Shareholders are entitled to be furnished with the most recent financial statements of a Philippine corporation, which include a balance sheet as of the end of the most recent tax year and a profit and loss statement for that year.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year.

# REGULATORY AND ENVIRONMENTAL MATTERS

## Maritime Laws

### Domestic Shipping Development Act of 2004

Republic Act No. 9295, otherwise known as the Domestic Shipping Development Act of 2004 (the "**Domestic Shipping Development Act**"), recognizes domestic shipping as an essential component of the country's transportation infrastructure and a critical driver of national economic development. The law emphasizes the need for a strong and competitive domestic merchant fleet owned and controlled by Filipino citizens, or by corporations at least sixty percent (60%) of whose capital is owned by Filipinos, and manned by qualified Filipino officers and crew. Such fleet is intended to (i) provide safe, reliable, efficient, adequate, and cost-effective passenger and cargo transport among the country's islands; (ii) support regional development and the decentralization of industries through the availability of regular and dependable shipping services; (iii) facilitate the growth of exports by ensuring competitive and economical domestic sea linkages; (iv) serve as a naval and military auxiliary during times of war or national emergency; and (v) contribute to employment opportunities for Filipino seafarers.

However, pursuant to Republic Act No. 11659 and MARINA's Guidelines on Domestic Shipping as a Public Service, domestic shipping is no longer classified as a "public utility" but as a "public service." As a result, the constitutional sixty percent (60%) Filipino ownership requirement applicable to public utilities no longer applies to domestic shipping enterprises. Subject to compliance with applicable registration, licensing, accreditation, vessel registration, and manning requirements, foreign investors may own up to one hundred percent (100%) of enterprises engaged in domestic shipping operations. Cooperatives remain subject to the ownership restrictions under the Cooperative Code and applicable foreign investment regulations and must remain one hundred percent (100%) Filipino-owned.

The Revised Implementing Rules and Regulations of the Domestic Shipping Development Act require owners and operators of vessels engaged in activities for hire or compensation, including tug and barge operations, ferry services, and vessels utilized in tourism, leisure, sports-related, or similar activities, to obtain a Certificate of Public Convenience ("**CPC**"). The same requirement applies to companies, associations, or individuals that operate vessels primarily for their own use but make such vessels available for hire or compensation, whether on a permanent, occasional, incidental, general, or limited-client basis. In addition, under the 2014 Amendments to the Revised Implementing Rules and Regulations of the Domestic Shipping Development Act of 2004, any natural or juridical person that owns or operates vessels for the carriage of passengers or cargoes for hire or compensation is likewise required to secure a CPC, regardless of whether it is otherwise engaged in the business of domestic shipping.

### Maritime Industry Authority (MARINA)

Under the Domestic Shipping Development Act, the Maritime Industry Authority ("**MARINA**") shall have the power and authority to:

(1) Register vessels;

(2) Issue certificates of public convenience or any extensions or amendments thereto, authorizing the operation of all kinds, classes and types of vessels in domestic shipping: *Provided*, That no such certificate shall be valid for a period of more than twenty-five (25) years;

(3) Modify, suspend or revoke at any time upon notice and hearing, any certificate, license or accreditation it may have issued to any domestic ship operator;

(4) Establish and prescribe routes, zones or areas of operations of domestic ship operators;

(5) Require any domestic ship operator to provide shipping services to any coastal area, island or region in the country where such services are necessary for the development of the area, to meet emergency sealift requirements, or when public interest so requires;

(6) Set safety standards for vessels in accordance with applicable conventions and regulations;

(7) Require all domestic ship operators to comply with operational and safety standards for vessels set by applicable conventions and regulations, maintain its vessels in safe and serviceable conditions, meet the standards of safety of life at sea and safe manning requirements, and furnish safe, adequate, efficient, reliable and proper service at all times;

(8) Inspect all vessels to ensure and enforce compliance with safety standards and other regulations;

(9) Ensure that all domestic ship operators shall have the financial capacity to provide and sustain safe, reliable, efficient and economic passenger or cargo service, or both;

(10) Determine the impact which any new service shall have to the locality it will serve;

(11) Adopt and enforce such rules and regulations which will ensure compliance by every domestic ship operator with required safety standards and other rules and regulations on vessel safety;

(12) Adopt such rules and regulations which ensure the reasonable stability of passengers and freight rates and, if necessary, to intervene in order to protect public interest;

(13) Hear and adjudicate any complaint made in writing involving any violation of this law or the rules and regulations of the Authority;

(14) Impose such fines and penalties on, including the revocations of licenses of any domestic ship operator who shall fail to maintain its vessels in safe and serviceable condition, or who shall violate or fail to comply with safety regulations;

(15) Investigate any complaint made in writing against any domestic ship operator, or any shipper, or any group of shippers regarding any matter involving violations of the provisions of this Act;

(16) Upon notice and hearing, impose such fines, suspend or revoke certificates of public convenience or other license issued, or otherwise penalize any ship operator, shipper or group of shippers found violating the provisions of this Act; and

(17) Issue such rules and regulations necessary to implement the provisions of this Act: *Provided,* That such rules and regulations cannot change or in any way amend or be contrary to the intent and purposes of this Act.

MARINA exercises quasi-judicial authority over domestic shipping operations. Such authority includes the conduct of hearings on applications for Certificates of Public Convenience; the issuance, amendment, extension, suspension, modification, or revocation of CPCs and other licenses and permits; the adjudication of complaints involving violations of maritime laws and regulations; the investigation of complaints against domestic shipowners, operators, shippers, and other regulated entities; and the imposition of fines, penalties, suspensions, and other sanctions after notice and hearing.

MARINA likewise retains authority to prescribe and enforce the terms and conditions governing CPCs and other operating authorizations, and no domestic shipping service may operate in Philippine waters without the licenses, permits, certificates, and authorizations required by law.

**Certificate of Public Convenience**

Under Republic Act No. 9295 and its implementing rules, the authority granted to a domestic shipowner or operator to engage in domestic shipping is embodied in a CPC. A CPC may be issued only to a qualified domestic shipowner or operator engaged in domestic shipping and generally covers the vessels comprising its authorized fleet.

Historically, the Domestic Shipping Development Act limited domestic shipping operations to Philippine citizens and entities meeting prescribed Filipino ownership thresholds. However, pursuant to Republic Act No. 11659 and MARINA's implementing guidelines, domestic shipping is now classified as a public service, thereby permitting foreign ownership and investment in domestic shipping enterprises of up to one hundred percent (100%) equity, subject to compliance with applicable MARINA registration, accreditation, licensing, vessel registration, and operational requirements.

A person or entity is generally considered engaged in domestic shipping if it: (a) transports passengers or cargoes, or both; (b) owns or operates vessels duly registered and licensed under Philippine law; (c) conducts trade or commerce between and among Philippine ports or within Philippine territorial and internal waters; (d) provides transportation services for hire or compensation to either a general or limited clientele, whether on a permanent, occasional, or incidental basis, with or without fixed routes; and (e) offers such services for commercial or contractual purposes.

The requirement to secure a CPC is not limited to traditional domestic shipping operators. Under the implementing rules of the Domestic Shipping Development Act, owners and operators of vessels engaged in other activities for hire or compensation, including tug and barge operations, ferry services, and vessels used in tourism, leisure, or sports-related activities, are likewise required to obtain a CPC. The same requirement applies to companies, associations, and individuals that operate vessels primarily for their own use but make such vessels available for hire or compensation, whether on a permanent, occasional, or incidental basis and whether serving a general or limited clientele.

The 2014 Amendments to the Revised Implementing Rules and Regulations of the Domestic Shipping Development Act of 2004, together with MARINA Circular No. 2011-04, also permit the temporary utilization of foreign-registered vessels within Philippine waters through the issuance of a Special Permit by the MARINA. The grant of a Special Permit is generally intended to address situations where the required shipping service is not readily available from the domestic fleet and is necessary to support efficient trade and commerce, the movement of critical goods and services, or the implementation of infrastructure and development projects. The regulations likewise recognize that certain government-contracted activities, such as oil exploration projects, may require specialized vessels that are not ordinarily available from domestic operators. Except for tankers carrying oil in bulk, which must not be more than fifteen (15) years old, the regulations do not prescribe a specific age limit for foreign vessels operating pursuant to a Special Permit.

Foreign vessels authorized under the applicable MARINA regulations must be classed by an internationally recognized classification society acceptable to their flag administration. In addition, such vessels are required to maintain mandatory marine insurance covering liabilities arising from pollution incidents and wreck removal through a recognized International Protection and Indemnity (**"P&I"**) Club.

For foreign vessels engaged in the carriage of passengers or cargoes pursuant to a Special Permit issued by MARINA, each permit may generally be granted for a period of up to six (6) months per issuance, provided that the aggregate period of operation does not exceed one (1) year. In the case of foreign vessels utilized for other authorized purposes, MARINA may grant Special Permits for longer periods depending on its assessment of the temporary nature of the demand or operational requirement giving rise to the use of the foreign-registered vessel. Such permits may likewise be issued for periods of up to six (6) months per issuance, subject to an overall maximum period of two (2) years, after which continued operation generally requires registration of the vessel under the Philippine flag.

Foreign vessels are likewise permitted under Republic Act No. 10668 to engage in the transportation and co-loading of foreign cargoes as well as domestic transshipment activities. For this purpose, co-loading refers to arrangements between two or more international or domestic sea carriers whereby one carrier transports and unloads containerized cargo or other shipments belonging to another carrier that is bound for the same destination. Transshipment, on the other hand, refers to the transfer of cargo from one vessel or conveyance to another for onward carriage to its ultimate destination.

Operations undertaken by foreign vessels pursuant to Republic Act No. 10668 are governed by a separate regulatory framework and are not subject to the provisions of the Domestic Shipping Development Act. Accordingly, such activities do not fall within MARINA's jurisdiction under the Domestic Shipping Development Act.

**Deregulation of the Domestic Shipping Industry**

The Domestic Shipping Development Act and its implementing rules generally adopt a policy of encouraging investment and competition in the domestic shipping industry. Consistent with this policy, existing and prospective domestic shipping operators are permitted to make new investments in the sector and are generally allowed to determine and establish their own domestic shipping rates. Such pricing flexibility is, however, subject to the overarching objectives of promoting effective competition and protecting the public interest.

Although the domestic shipping industry operates under a market-oriented framework, the MARINA retains the authority to intervene where competition is impaired or where public interest may be adversely affected. In accordance with its rules and procedures, MARINA may, after due notice and hearing, exercise its regulatory powers in circumstances including: (i) the filing of complaints against a shipowner or operator concerning rates charged or services rendered; or (ii) situations where the rates being imposed are found to be excessive or unreasonable.

In evaluating whether regulatory intervention is warranted, MARINA may undertake various forms of review and investigation, including assessments of freight or passenger rates, financial analyses of the concerned operator, evaluations of service quality, and market surveys or other fact-finding activities. Based on the results of such review, MARINA may prescribe appropriate corrective measures intended to address identified deficiencies, protect consumers, and promote a fair and efficient shipping market while maintaining the viability of shipping operations.

MARINA likewise conducts continuing oversight of domestic shipping activities to ensure compliance with applicable regulations and to safeguard the interests of the shipping public.

**Safety Regulations**

Domestic ship operators are required to ensure that all vessels under their operation remain seaworthy at all times and are properly equipped with adequate life-saving, communication, safety, and other essential equipment in accordance with the standards prescribed by the MARINA. Vessel owners and operators are likewise responsible for ensuring that their vessels are operated, maintained, and managed in compliance with applicable regulatory and safety requirements throughout their operational life.

In addition, all vessels must be manned by duly licensed, qualified, and competent officers and crew. Seafarers serving on board Philippine-registered vessels are required to satisfy the qualification, competency, certification, and training standards established by MARINA and other applicable maritime regulations.

MARINA exercises regulatory oversight over vessel safety through its authority to inspect ships and onboard equipment. Such inspections are conducted pursuant to the Ship Safety Inspection System (SSIS) and are intended to verify compliance with applicable operational and safety standards. Shipowners and operators are required to maintain their vessels in accordance with the requirements of existing laws and regulations, as well as relevant international conventions, codes, and standards adopted or recognized by the Philippines.

Vessels are required to carry the applicable ship safety certificates and other mandatory vessel documents issued by MARINA. These certificates serve as evidence of compliance with prescribed safety, seaworthiness, operational, and inspection requirements and must be maintained as a condition for the continued operation of the vessel.

## MARINA Regulations

### Register of Philippine Vessels

A Certificate of Philippine Registry serves as evidence of a vessel's Philippine nationality and authorizes the vessel, subject to applicable laws and regulations, to engage in the Philippine coastwise trade. The issuance of such certificate entitles the vessel to the protection of the Philippine flag and the protection of Philippine authorities in domestic and foreign ports as well as on the high seas. It likewise confers upon the vessel the rights, privileges, obligations, and limitations applicable under Philippine law to vessels registered under the Philippine flag.

The MARINA has exclusive jurisdiction over matters relating to the registration and documentation of Philippine vessels, including the issuance of certificates, licenses, registrations, and other vessel documentation required under applicable laws and regulations.

Philippine vessel registration requirements generally apply to: (i) all domestically owned vessels exceeding fifteen (15) gross registered tons ("**GRT**"); (ii) all vessels engaged in towing, pushing, or the carriage of passengers and/or cargo for hire or compensation, regardless of tonnage; and (iii) vessels acquired pursuant to applicable laws and presidential issuances governing vessel acquisition and registration. Registration entitles the vessel to the protection of Philippine laws and authorizes it to fly the Philippine flag, subject to the corresponding rights, obligations, and restrictions imposed under Philippine law.

Registration of vessels with a gross tonnage of fifteen (15) GRT or below is generally optional. However, vessels that are not entered in the Philippine registry of ships are required to obtain a Vessel Identity Certificate, also referred to as a Certificate of Number, in accordance with applicable regulations.

MARINA maintains the Register of Philippine Vessels, which serves as the official registry of Philippine-registered vessels. The registry is open to public inspection during regular office hours, subject to applicable procedures and operational requirements. Separate registries are maintained for vessels engaged in overseas trade and those engaged in domestic trade.

The Register of Philippine Vessels contains information prescribed by MARINA, including, among others, the vessel's name, former names and registry (if applicable), vessel type, call sign, official number, hull material, principal dimensions, gross, net and deadweight tonnage, classification, speed, main engine specifications, builder and place of construction, year built, ownership and operator information, date of issuance of the vessel's registration documents, and records of material changes affecting the vessel, including any encumbrances or liens.

Vessels engaged in domestic trade are generally registered at their designated home port, while vessels engaged in overseas trade are registered through the MARINA Central Office.

The registration and documentation requirements for vessels vary depending on whether the vessel is an existing vessel or a newly constructed vessel.

For existing vessels, the registration process generally requires compliance with documentary and technical requirements prescribed by MARINA, including: (i) approval of the vessel's plans, where applicable; (ii) vessel admeasurement to determine the appropriate tonnage and registration particulars; and (iii) submission of copies of the vessel's valid trading certificates and other required vessel documents.

Any rights affecting the vessel or the ownership thereof shall be registered in the Book of Transfer and Encumbrances provided the same is annotated in the Certificate of Vessel Registry of Philippine Vessels. Vessels registered under the Philippine flag shall be deleted from the Register of Philippine Vessels under any of the following circumstances:

(1) Bareboat chartering out to foreign nationals, unless the charterer opts to fly the Philippine flag;
(2) Pre-termination/termination of charter agreement under Presidential Decree Nos. 760/866/1711;
(3) Sale to foreign buyers;
(4) Scrapping/Decommissioning of vessel; and

(5) Constructive or total loss of vessel.

In the case of newly constructed vessels, registration is generally subject to additional regulatory requirements, including: (i) MARINA approval for the acquisition of the vessel; (ii) approval of the complete hull, machinery, and other technical plans and specifications; and (iii) authorization for a recognized classification society to inspect, supervise, and certify the vessel's construction in accordance with applicable standards and regulatory requirements.

**Accreditation of Domestic Shipping Operators**

MARINA requires domestic shipping operators to secure and maintain a valid Certificate of Accreditation. The accreditation requirement applies to persons, corporations, and other entities, whether Filipino or foreign-owned to the extent permitted by law, that engage in the transportation of passengers, cargo, or both, for hire or compensation through ships duly registered and licensed under Philippine law. The requirement covers operations conducted between Philippine ports and within Philippine territorial or internal waters, whether undertaken on fixed or non-fixed routes and whether serving a general or limited clientele on a permanent, occasional, or incidental basis for commercial or contractual purposes.

Accreditation serves as a fundamental regulatory requirement and functions as a prerequisite to the grant of various permits, licenses, authorities, endorsements, financial assistance, loans, incentives, and other regulatory approvals administered by MARINA or required by other government agencies. Accordingly, domestic shipping operators are generally required to maintain a valid accreditation certificate before obtaining or renewing other operating authorizations, including CPCs and other vessel- and route-related approvals.

A Certificate of Accreditation is valid for a period of five (5) years and may be renewed for an additional five (5)-year period, subject to compliance with the applicable MARINA requirements. Applications for issuance or renewal must be filed with the MARINA office having jurisdiction over the principal place of business of the applicant, as reflected in its organizational documents and business permits.

During the validity of the accreditation, changes in the corporate name of the accredited operator require the reissuance of the Certificate of Accreditation under the new corporate name. However, such reissuance does not affect the original five-year validity period of the accreditation. Changes in the composition of the board of directors, officers, or management are generally required to be reported to MARINA but do not necessitate the reissuance of the accreditation certificate.

Where an accredited operator transfers its principal place of business, MARINA may require verification with the Maritime Regional Office (MRO) that originally issued the accreditation to determine whether the operator has any pending administrative or regulatory cases prior to the processing of a renewal application.
Government-owned or controlled entities are generally exempt from the accreditation requirements unless the nature of their operations is proprietary in character.

MARINA likewise requires accredited domestic shipping operators to renew their accreditation on a timely basis. Operators that fail to renew their accreditation before its expiration may be subject to applicable fines and penalties for late renewal and for operating without a valid Certificate of Accreditation.

As a general rule, the required paid-up capitalization is determined based on the aggregate gross tonnage ("**GT**") of the vessels owned and/or operated by the applicant. The required capitalization is computed at the rate of Php 2,500.00 per gross tonnage, subject to the minimum and maximum thresholds prescribed by MARINA.

The capitalization requirements are summarized below:

| Total Gross Tonnage (GT) of Fleet | Required Paid-Up Capitalization |
|---|---|
| 10 GT and below | Php 25,000.00 |
| Above 10 GT to 11 GT | Php 27,500.00 |
| Above 11 GT to 12 GT | Php 30,000.00 |
| ... | ... |
| Above 4,998 GT to 4,999 GT | Php 12,497,500.00 |
| Above 4,999 GT | Php 12,500,000.00 |

Accordingly, the minimum capitalization requirement for domestic shipping operators is Php 25,000.00, while operators with fleets exceeding 4,999 GT are subject to a maximum capitalization requirement of Php 12.5 million.

Special capitalization requirements apply to operators of tankers and/or barges engaged in the transport of petroleum products. Such operators are subject to a higher minimum capitalization requirement of Php 5 million, with additional capitalization required based on the aggregate gross tonnage of the fleet.

The capitalization requirements applicable to petroleum tanker and barge operators are summarized below:

| Total Gross Tonnage (GT) of Fleet | Required Paid-Up Capitalization |
|---|---|
| 2,000 GT and below | Php 5,000,000.00 |
| Above 2,000 GT to 2,001 GT | Php 5,002,500.00 |
| Above 2,001 GT to 2,002 GT | Php 5,005,000.00 |
| ... | ... |
| Above 4,999 GT | Php 12,500,000.00 |

MARINA likewise requires accredited domestic shipping operators to maintain compliance with the applicable capitalization requirements throughout the validity of their accreditation. Where an operator acquires additional vessels or otherwise experiences changes in the total gross tonnage of its fleet, resulting in a higher capitalization requirement, the operator is required to update or adjust its capitalization and stockholders' equity accordingly. Corporations and partnerships must submit the corresponding SEC-issued certificate evidencing the increase in authorized capital stock, while sole proprietorships and cooperatives must submit the applicable annual reports or equivalent supporting documents.

Such capitalization adjustments constitute a post-approval condition for the acquisition of additional vessels and must be completed prior to the issuance by MARINA of the corresponding CPC for the additional vessel or service.

**Certificate of Vessel Registry**

Upon registration of a vessel of domestic ownership, and of more than fifteen (15) GRT, a Certificate of Philippine Registry shall be issued for it. If the vessel is of domestic ownership, and of fifteen (15) GRT or less, the taking of the Certificate of Philippine Registry shall be optional with the owner. Only vessels of domestic ownership are entitled to a Certificate of Philippine Registry.

**Certificate of Ownership**

A Certificate of Ownership refers to a certificate issued by the MARINA as evidence of permanent registration of a vessel.

**Coastwise License**

No vessel shall be allowed to engage in the coastwise trade unless a coastwise license ("**CWL**") is secured from and issued by the MARINA. A CWL refers to the license granted to a ship authorized to operate in coastal waters or open seas. A CWL is issued for a validity period of one (1) year from the date of issuance and constitutes a regulatory authorization separate and distinct from the vessel's registration, certificates, licenses, and other operational approvals issued by MARINA.

Pending the issuance or approval of a Certificate of Philippine Registry, MARINA may issue a Temporary Coastwise License to allow the vessel to operate on an interim basis. Such temporary authorization is generally valid for a period not exceeding thirty (30) days, unless a longer validity period is expressly authorized by the MARINA Administrator.

Vessels engaged in the Philippine coastwise trade are required to display the prescribed Philippine coastwise emblem at the main mast while entering or departing from ports and while in port during daylight hours. The coastwise emblem consists of a rectangular white flag bearing one blue star and one red star arranged horizontally from the hoist toward the fly.

A CWL must be renewed with the MARINA Central Office or the appropriate MARINA Regional Office having jurisdiction over the residence of the vessel owner or operator or the vessel's home port. Applications for renewal are generally required to be filed on or before the expiration of the existing CWL.

Where a vessel's CWL expires while the vessel is underway on its return voyage to its home port, the owner, master, or authorized agent is required to present the expired license for renewal immediately upon the vessel's arrival. In cases where a vessel is not in operation for any reason, the owner, master, or agent must surrender the CWL on or before its expiration and may request either deferment of renewal or renewal in accordance with MARINA's applicable procedures.

The owner, master, or agent of a licensed vessel may likewise apply for the transfer or reclassification of a vessel's license from one operational classification to another. Any such transfer or reclassification remains subject to compliance with the applicable regulatory requirements and the submission of the documentary requirements prescribed by MARINA for the relevant change in classification or operation.

**Minimum Safe Manning Certificate**

Philippine-registered vessels are required to be manned at all times by an adequate complement of qualified, competent, and duly certificated officers and ratings sufficient to ensure the safe operation of the vessel. To this end, the MARINA issues a Minimum Safe Manning Certificate ("**MSMC**"), which specifies the minimum number of personnel required on board, together with the corresponding licenses, certifications, qualifications, and any special conditions or operational requirements applicable to the vessel.

The MSMC is generally valid for a period not exceeding one (1) year, unless a shorter period is prescribed, and may in certain cases be issued with a validity period coterminous with the vessel's applicable safety certificate.

A certified true copy of the MSMC is required to be carried on board the vessel and displayed in a conspicuous location. The certificate must indicate the vessel's approved minimum safe manning complement, including the positions, licenses, and qualification requirements of the required officers and crew. In addition, an updated crew list identifying the officers and crew actually serving on board, together with their respective positions and licenses or qualifications, must be maintained and attached to the MSMC.

Masters, deck officers, engine officers, ratings, and other personnel assigned to watchkeeping duties are required to possess the certifications, qualifications, and competencies prescribed by MARINA and applicable maritime regulations. Compliance with such requirements forms part of the vessel’s continuing obligations relating to safe navigation, vessel operations, and maritime safety.

Notwithstanding the liberalization of foreign ownership in domestic shipping enterprises, Philippine-flagged vessels are generally required to be manned by Filipino officers and crew. Foreign nationals may be employed only where no qualified, competent, able, and willing Filipino national is available to perform the required services, and subject to compliance with applicable labor, immigration, and maritime regulations.

**Mandatory Carriage of Ship and Crew Documents and Certificates Onboard Ships Engaged in Domestic Voyages / Operations**

The following are the mandatory carriage of ship and crew documents and certificates onboard ships engaged in cargo transportation:

(1) Certificate of Public Convenience under the Domestic Shipping Development Act;
(2) Certificate of Vessel Registry/Ownership;
(3) Cargo Ship Safety Certificate;
(4) Minimum Safe Manning Certificate;
(5) Document of Compliance;
(6) Safety Management Certificate;
(7) Class Certificate;
(8) Load Line Certificate;
(9) Stability Certificate;
(10) Coastwise License/Bay and River License;
(11) Ship Station License;
(12) International Oil Pollution Prevention Certificate;
(13) National Ship Security Certificate/Exemption Certificate;
(14) Approved Ship Plans;
(15) Registered Deck Logbook;
(16) Registered Engine Logbook;
(17) Registered Oil Record Book;
(18) Registered Waste and Garbage Record Book;
(19) Seafarers' Identification and Record Book; and
(20) Qualification Document Certificate.

The following are the mandatory carriage of ship and crew documents and certificates onboard ships engaged in passenger transportation:

(1) Certificate of Public Convenience under the Domestic Shipping Development Act;
(2) Certificate of Vessel Registry/Ownership;
(3) Passenger Ship Safety Certificate;
(4) Minimum Safe Manning Certificate;
(5) Document of Compliance;
(6) Safety Management Certificate;
(7) Class Certificate;
(8) Load Line Certificate;
(9) Stability Certificate;
(10) Coastwise License/Bay and River License;
(11) Ship Station License;
(12) International Oil Pollution Prevention Certificate;
(13) National Ship Security Certificate/Exception Certificate;
(14) Passenger Insurance Cover;
(15) Certificate of Compliance;
(16) Approved Ship Plans;
(17) Registered Deck Logbook;
(18) Registered Engine Logbook;
(19) Approved Cargo Securing Manual, as required;
(20) Registered Oil Record Book;
(21) Registered Waste and Garbage Record Book;
(22) Seafarer's Identification and Record Book; and
(23) Qualification Document Certificate.

**Importation of Passenger Ships**

Any person, corporation, partnership, cooperative, or other entity intending to acquire a passenger ship through importation, lease, or bareboat charter are required to secure the appropriate authorization from MARINA. Specifically, entities seeking to import passenger vessels must obtain an Authority to Import, while those proposing to acquire vessels through bareboat charter arrangements must secure an Approval of Bareboat Charter, in accordance with the applicable MARINA rules and procedures.

Applications for an Authority to Import or Approval of Bareboat Charter must be filed with MARINA and must be supported by the prescribed documentary requirements and payment of the applicable processing fees. Documents executed or issued abroad and written in a foreign language are generally required to be translated into English and authenticated or apostilled in accordance with applicable requirements.

MARINA regulations prohibit the importation of passenger ships constructed solely for smooth-water operations. In addition, the conversion of vessels originally designed for other purposes into passenger ships is generally not permitted, regardless of whether the vessel was acquired through importation, local purchase, or domestic construction.

MARINA likewise prescribes age, size, classification, and condition requirements for imported passenger vessels. Passenger ships with a gross tonnage of 500 GT and below are generally not allowed to be imported, subject to specific exceptions that may apply to fastcrafts under applicable MARINA policies.

Passenger ships that are twenty (20) years old or younger may be imported, provided that they are classed by a member of the International Association of Classification Societies (IACS) at the time of importation.

Passenger ships with a gross tonnage of 8,000 GT or more that are more than twenty years (20) old may likewise be imported, subject to continued classification by an IACS member both at the time of importation and throughout their operation in the domestic trade. Failure to maintain such classification may result in the revocation of registration documents, safety certificates, licenses, and the vessel's CPC.

Imported passenger vessels must also be in acceptable operating condition and free from outstanding recommendations or material deficiencies as reflected in the latest survey reports issued by an authorized marine surveyor or the competent authority of the vessel's country of origin. MARINA may conduct its own inspection and verification following the vessel's release from the custody of the Bureau of Customs. In addition, second-hand passenger ships are generally required to undergo ultrasonic thickness gauging by MARINA surveyors or accredited marine surveyors or recognized organizations before registration in the Philippines.

Only persons or entities duly organized and registered under Philippine law, including corporations registered with the SEC, business entities registered with the DTI, and cooperatives registered with the Cooperative Development Authority (CDA), may import passenger vessels under the applicable MARINA regulations.

For vessels intended to be deployed in domestic shipping operations, the prospective operator or owner is likewise generally required to be a duly accredited domestic shipping operator under the applicable MARINA accreditation rules before an imported passenger vessel may be utilized in the domestic trade. Accordingly, compliance with the vessel importation requirements forms part of the broader regulatory framework governing vessel acquisition, registration, accreditation, and operation in the Philippine domestic shipping industry.

**Pioneer Status Incentives for Brand New IACS-Classed Vessels**

MARINA regulations establish a Pioneer Status Program for brand new, IACS-classed Roll-on/Roll-off Passenger ("**RoRoPax**") vessels intended for deployment in the domestic liner shipping service. The program is designed to encourage investments in modern vessels, enhance service quality and connectivity, and promote the deployment of internationally classed ships in the domestic trade.

The regulations apply to brand new RoRoPax vessels classified by a member of the IACS, whether owned or bareboat chartered by domestic shipowners or operators, which are intended for deployment on routes proposed for Pioneer Status and duly authorized for liner operations.

MARINA may grant Pioneer Status to qualified brand new IACS-classed vessels intended to operate in liner service on a specific applied-for or authorized route. As a condition of the grant, the vessel must maintain its IACS classification throughout the entire six (6)-year Pioneer Status period. Prior to granting

Pioneer Status, MARINA coordinates with the relevant port authorities to verify the availability of suitable ramp, berthing, and other port facilities at the intended ports of call. Pioneer Status becomes effective upon the issuance of a MARINA Letter-Approval to a qualified shipowner or operator.

A shipowner or operator granted Pioneer Status is required to secure the necessary CPC amendment before deployment of the vessel. Failure to comply with the applicable CPC requirements may result in the revocation of Pioneer Status and the opening of the route to other qualified operators. Pioneer Status grantees are likewise accorded priority in the processing and issuance of CPCs for the approved route.

To qualify for Pioneer Status, the vessel must: (i) be classed by an IACS member; (ii) be a brand new vessel, whether constructed locally by a MARINA-licensed shipyard or built abroad; and (iii) be owned and/or operated by a domestic shipowner or operator and manned by duly qualified Filipino officers and crew in accordance with applicable maritime and labor regulations. The applicant shipowner or operator must likewise own or operate a Philippine-flagged brand new IACS-classed vessel, be duly accredited by MARINA, and hold a valid and subsisting CPC or franchise.

Applicants are required to submit documentary evidence demonstrating compliance with the qualification requirements, including, among others, valid classification certificates, builder's certificates or shipbuilding contracts, certificates of ownership and Philippine registry, MARINA accreditation certificates, manning documents, and the applicable CPC or franchise.

Pioneer Status may be sought for any proposed route, regardless of whether existing shipping services are already operating on the route. Vessels granted Pioneer Status may also be authorized to operate beyond their approved Pioneer Status routes, provided such operations remain consistent with the conditions set forth in the Letter-Approval and the CPC.

Existing operators holding a valid CPC for the same route prior to the grant of Pioneer Status may continue operations during the validity of their CPCs. However, restrictions may be imposed to preserve the investment protection afforded to the Pioneer Status grantee. Such restrictions may include limitations on increasing service frequency, vessel capacity, or deploying additional vessels on the protected route without prior MARINA approval. Replacement vessels may nevertheless be allowed, provided they comply with applicable MARINA requirements and do not materially prejudice the Pioneer Status grantee's investment recovery.

MARINA regulations also permit temporary suspension of service under specified circumstances, including mechanical or engine failure, maritime casualties, emergency sealift operations, peace and security concerns, port repairs, and force majeure events. Operators are required to notify MARINA within twenty-four (24) hours of any event involving vessel replacement, suspension of operations, route transfers, or other changes affecting Pioneer Status. Temporary replacement vessels may be deployed, subject to compliance with MARINA safety and operational requirements.

A Pioneer Status vessel may be temporarily replaced by a comparable vessel that complies with MARINA rules and possesses the required safety certificates, even if such replacement vessel is not brand new or IACS-classed. Such replacement is generally required to occur within twenty (20) calendar days from the vessel's stoppage. MARINA may also authorize extensions of temporary suspension where safety-related issues affecting seaworthiness justify continued suspension.

Pioneer Status vessels that are required to participate in government-directed emergency sealift operations are exempt from certain vessel replacement requirements. For vessels acquired through approved bareboat charter arrangements, the Pioneer Status incentives shall generally be coterminous with the approved bareboat charter contract, subject to a maximum duration of six (6) years.

Pioneer Status grantees are entitled to several regulatory incentives. Most notably, MARINA grants a six (6)-year, non-transferable and non-extendible route protection period designed to safeguard the grantee's investment. During this period, the grantee enjoys priority in deploying additional vessels where MARINA determines that additional route capacity is required. MARINA may also restrict the authorization of competing services operating equivalent or substitute liner services on the same primary route, unless overriding public interest considerations require otherwise.

Additional operational incentives include the ability, subject to MARINA approval, to operate from or to nearby peripheral ports located outside a prescribed radius of the protected route and to undertake long-haul voyages with partial route overlap where such operations do not materially prejudice the Pioneer Status grantee's investment recovery.

Pioneer Status vessels are likewise afforded regulatory relief with respect to drydocking requirements. Instead of undergoing mandatory drydocking during the second and one-half (2½) year survey cycle, the vessel may undergo an underwater inspection in accordance with MARINA-prescribed procedures and defer its first mandatory drydocking until the fifth year from the issuance of the Letter-Approval.

MARINA also grants fee-related incentives, including a one-time waiver of fees for the issuance of the vessel's initial ship documents and certificates. Beginning on the second year of the Pioneer Status period and continuing until its expiration, only fifty percent (50%) of the applicable fees for ship documentation and issuances, including the Annual Tonnage Fee, are charged.

MARINA retains continuing oversight over Pioneer Status grantees. Authorized MARINA personnel may board, inspect, audit, visit, and monitor vessels, facilities, and offices, and may review records and operational practices to verify compliance with applicable requirements. Refusal to cooperate with MARINA inspections or monitoring activities may result in suspension or revocation of the relevant permits, licenses, or certificates, without prejudice to the imposition of other penalties under applicable laws and regulations.

Pioneer Status and its associated incentives may be cancelled or revoked by MARINA upon due process for various causes, including: (i) failure to deploy the vessel within the prescribed deployment period; (ii) abandonment of service; (iii) withdrawal of service during the protected period without MARINA approval; (iv) loss of IACS classification during the six year protection period; (v) failure to comply with notification and vessel replacement requirements; or six (6) other acts or omissions5deemed prejudicial to public interest, safety, or welfare. In particular, voluntary or permanent withdrawal of service during the six-year route protection period may subject the grantee to administrative penalties, including a fine of Php 50,000.00.

Existing Pioneer Status grants issued under prior MARINA circulars generally remain valid until the expiration of their original terms, and the incentives, privileges, and route protection previously granted continue to be recognized, provided the grantee remains compliant with the applicable conditions of the original grant and the prevailing MARINA regulations.

**Philippine Ports Authority**

The Philippine Ports Authority ("**PPA**") is vested with police power within ports under its administration to the extent necessary to enable it to effectively exercise its powers and perform its statutory functions. Such authority is exercised without prejudice to the powers and responsibilities of the Bureau of Customs and other law enforcement agencies operating within the port area.

In the exercise of its police power, the PPA is authorized, among others, to: (i) provide security for cargoes, port equipment, structures, facilities, personnel, and documents, subject to the Bureau of Customs' concurrent authority over import and export cargoes in ports of entry; (ii) regulate the entry, exit, and movement of persons, vehicles, and watercraft within port premises; (iii) maintain peace and order within port areas in coordination with the appropriate law enforcement authorities; (iv) supervise private security agencies operating within ports; and (v) enforce laws, rules, regulations, and other issuances applicable to port operations and activities.

The PPA is likewise authorized to collect port dues, fees, rates, and other lawful charges imposed on vessels, cargoes, and port users, subject to applicable laws and regulations. In addition, it may impose and collect administrative fines and penalties for violations arising from the use of port facilities or non-compliance with applicable port rules and regulations, in accordance with its regulatory and enforcement powers.

**Port Ancillary Services**

Ancillary services refer to port-related services other than cargo handling, arrastre, stevedoring, porterage, and pilotage services. These services are performed within port areas, including associated

harbors, fairways, and extensions, and generally involve the provision, use, or application of equipment, facilities, utilities, manpower, technical expertise, or goods in support of port and vessel operations.

PPA regulations classify ancillary services into various categories. These include, among others, cargo checking services, equipment and appliance rental, vessel maintenance and repair services, water disposal services, bunkering operations, cargo surveying, chandling, cleaning services, container repair, communications services, fumigation, laundry services, lighterage and barging services, parking and garage services, security services, transport services, towing and tugging services, water supply services, water taxi operations, and weighbridge or truck scale services.

Operators of ancillary services are generally subject to the payment of applicable regulatory fees and charges imposed by the PPA. Certain categories of ancillary services may also be subject to revenue-sharing arrangements or other financial obligations prescribed under the applicable port regulations and permit conditions.

Any natural or juridical person qualified under applicable laws and regulations to engage in business and intending to provide ancillary services within a port area is generally required to secure a Permit to Operate from the appropriate local Port Management Office of the PPA having jurisdiction over the port where the services will be rendered. This requirement likewise applies to existing operators that do not yet hold a valid PPA permit or are operating under transitional or holdover arrangements.

A Permit to Operate for ancillary services is generally valid for a period of one (1) year, unless otherwise provided by the PPA. Applications for renewal are typically required to be filed within thirty (30) days prior to the permit's expiration. Failure to file a renewal application within the prescribed period, absent a valid justification, may constitute grounds for the non-renewal or non-extension of the permit.

**Philippine Coast Guard**

Pursuant to Republic Act No. 9993, otherwise known as the Philippine Coast Guard Law of 2009, the Philippine Coast Guard ("**PCG**") is vested with, among others, the following powers and functions:

(a) To enforce maritime safety laws and regulations, including relevant international conventions, treaties, and instruments, for the promotion of the safety of life and property at sea within the maritime jurisdiction of the Philippines, and to implement port state control measures;

(b) To conduct inspections of merchant vessels and watercraft, including pre-departure inspections, to ensure compliance with applicable safety standards, rules, and regulations;

(c) To detain, stop, or prevent the departure of vessels that fail to comply with applicable safety requirements, rules, and regulations;

(d) To conduct emergency readiness evaluations of merchant vessels and, subject to the approval of the Secretary of Transportation, issue and enforce rules and regulations relating to maritime safety and the protection of life and property at sea;

(e) To coordinate, develop, establish, maintain, and operate aids to navigation, vessel traffic systems, maritime communications facilities, and search and rescue infrastructure within Philippine waters;

(f) To remove, destroy, or tow navigational hazards, including sunken vessels, floating obstructions, illegal fish traps, and other hazards that may endanger navigation or the marine environment;

(g) To issue permits for marine salvage operations and supervise the conduct of such activities, including the implementation of rules and regulations governing marine salvage;

(h) To render assistance to persons and vessels in distress and to undertake search and rescue operations in maritime incidents occurring within the maritime jurisdiction of the Philippines, including the high seas where permitted under applicable international conventions;

(i) To investigate maritime accidents and casualties involving loss of life, injuries, or damage to property;

(j) To assist in the enforcement of laws relating to fisheries, immigration, customs, tariffs, forestry, firearms and explosives, dangerous drugs, controlled chemicals, trafficking, transnational crimes, and other applicable laws within Philippine waters;

(k) To board and inspect merchant vessels and watercraft in the performance of its statutory functions;

(l) To enforce laws and administer regulations for the protection of the marine environment, including measures to prevent and address marine pollution from offshore sources;

(m) To develop and maintain oil spill preparedness, containment, response, and recovery capabilities against ship-based pollution;

(n) To provide assistance to other government agencies, within its capabilities and consistent with its statutory mandate, in the performance of their respective functions;

(o) To organize, train, and supervise the Philippine Coast Guard Auxiliary (PCGA) in support of the PCG's mandated functions; and

(p) To perform such other functions as may be necessary or incidental to the attainment of the objectives of Republic Act No. 9993.

The PCG is authorized to issue permits for marine salvage operations, supervise the conduct of such activities, and prescribe and enforce the rules and regulations governing marine salvage within Philippine waters.

In the exercise of this authority, the PCG regulates, supervises, and monitors marine salvage operations, offshore shipbreaking activities, and vessel scrapping operations conducted within waters subject to the jurisdiction of the Philippines. The PCG likewise issues the permits, clearances, and other authorizations required for the lawful conduct of such activities.

Entities intending to engage in marine salvage operations must comply with the applicable registration and permitting requirements prescribed by the PCG. Only salvors duly registered with the PCG are eligible to obtain the permits necessary to undertake salvage activities, including a Survey Permit and a Salvage Permit.

As a general rule, no registered salvor may commence or conduct salvage operations without first securing the appropriate authorization from the PCG, whether in the form of a Salvage Permit or, where circumstances warrant, an Emergency Salvage Permit. These requirements form part of the regulatory framework intended to ensure the safe, orderly, and environmentally responsible conduct of marine salvage, shipbreaking, and vessel scrapping activities within Philippine waters.

**General Business Regulatory Framework**

**Revised Corporation Code**

The Revised Corporation Code was signed into law on 20 February 2019, and became effective on 08 March 2019. The salient features, among others, of the Revised Corporation Code are as follows:

- Corporations are granted perpetual existence, unless the Articles of Incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock, notifies the Commission that it elects to retain its specific corporate term under its current Articles of Incorporation;
- Material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same;

- The right of stockholders to vote in the election of directors or trustees, or in stockholders' meetings, may now be done through remote communication or in absentia if authorized by the corporation's by-laws. However, as to corporations vested with public interest, voting through remote communication or in absentia are deemed allowed, even if not expressly stated in the by-laws. The stockholders who participate through such means are deemed present for purposes of quorum. When attendance, participation, and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and
- In case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring, creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

**Republic Act No. 10173 (Data Privacy Act of 2012)**

Republic Act No. 10173, otherwise known as the Data Privacy Act, protects all forms of information, be it private, personal, or sensitive. It covers all natural and juridical persons involved in the processing of information whether in the government or private sector, and whether in or outside the Philippines.

Under the Data Privacy Act, personal information is defined as any information, whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information, would directly and certainly identify an individual. The processing of information is defined as any operation or any set of operations performed upon personal data including, but not limited to, the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure, or destruction of data.

The processing of personal information shall be allowed, subject to compliance with the requirements under the Data Privacy Act, and other laws allowing disclosure of information to the public and adherence to the principles of transparency, legitimate purpose and proportionality. The guidelines for the processing of personal information are as follows:

- Collected for specified and legitimate purposes determined and declared before, or as soon as reasonably practicable after collection, and later processed in a way compatible with such declared, specified and legitimate purposes only;
- Processed fairly and lawfully;
- Accurate, relevant and, where necessary for purposes for which it is to be used the processing of personal information, kept up to date; inaccurate or incomplete data must be rectified, supplemented, destroyed or their further processing restricted;
- Adequate and not excessive in relation to the purposes for which they are collected and processed;
- Retained only for as long as necessary for the fulfillment of the purposes for which the data was obtained or for the establishment, exercise or defense of legal claims, or for legitimate business purposes, or as provided by law; and
- Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the data were collected and processed.

As a general rule, the processing of personal information is permitted, unless otherwise prohibited by law, and when at least one of the following conditions exist:

- The data subject has given his or her consent;
- The processing of personal information is necessary and is related to the fulfillment of a contract with the data subject or in order to take steps at the request of the data subject prior to entering into a contract;

- The processing is necessary for compliance with a legal obligation to which the personal information controller is subject;
- The processing is necessary to protect vitally important interests of the data subject, including life and health;
- The processing is necessary in order to respond to national emergency, to comply with the requirements of public order and safety, or to fulfill functions of public authority which necessarily includes the processing of personal data for the fulfillment of its mandate; or
- The processing is necessary for the purposes of the legitimate interests pursued by the personal information controller or by a third party or parties to whom the data is disclosed, except where such interests are overridden by fundamental rights and freedoms of the data subject which require protection under the Philippine Constitution.

The Data Privacy Act further requires the appointment of a Data Protection Officer ("**DPO"**) for all personal information controllers ("**PIC"**) and personal information processors ("**PIP"**). The DPO is accountable for ensuring the company's compliance with all data privacy and security laws and regulations. A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject. The PIC or PIP that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

**Republic Act No. 9160 (Anti-Money Laundering Act)**

Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act ("**AMLA"**), is a special law which aims to investigate and criminalize money laundering and other financial crimes, protects financial institutions and other covered entities under the act, and ensures that the Philippines will not be used as a money laundering site for the proceeds of any unlawful activity.

In so doing, the AMLA serves the following functions: (i) creates the financial intelligence unit known as the "Anti-Money Laundering Council" ("**AMLC**"); (ii) imposes to Covered Entities specific obligations such as customer identification, record keeping, and reporting of covered and suspicious transactions; (iii) relaxes strict bank deposit secrecy laws; and (iv) provides for remedies, such as bank inquiry and freeze orders, and *ex parte* petitions, seizure, forfeiture, and recovery of dirty money or property.

Money Laundering is defined under the AMLA as a crime whereby the proceeds of an unlawful activity are transacted, thereby making them appear to have originated from legitimate sources. It is committed by any person:

- Knowingly transacting or attempting to transact any money/property which represents, involves or relates to the proceeds of an unlawful activity;
- Knowingly performing or failing to perform an act in relation to any money/property involving the proceeds of any unlawful activity as a result of which he facilitated the offense of money laundering; and
- Knowingly failing to disclose and file with the AMLC any report required to be disclosed and filed.

In addition, the AMLA also considers the failure to keep records, malicious reporting, and breach of confidentiality as punishable acts.

The AMLA requires all covered entities–the exhaustive list is provided in the law–to register with the AMLC. Obligations of reporting of covered institutions or entities include Customer Identification, Recordkeeping, and the Reporting of Covered and Suspicious Transactions.

Covered transactions are defined as single transactions in cash or other equivalent monetary instrument involving a total amount in excess of Five Hundred Thousand (Php 500,000) Pesos within one (1) banking day. Suspicious Transactions, on the other hand, are defined as transactions with covered institutions, regardless of the amounts involved, where any of the following circumstances exist:

- There is no underlying legal/trade obligation, purpose or economic justification or the client is not properly identified;
- The amount involved is not commensurate with the business or financial capacity of the client;
- The transaction is structured to avoid being the subject of reporting requirements under the AMLA;
- There is a deviation from the client's profile/past transactions;
- The transaction is related to an unlawful activity/offense under the AMLA; and
- Transactions similar or analogous to the above.

In 2018, the AMLC Regulatory Issuance (ARI) A, B, C, No. 2 was issued, which established the Guidelines on Digitization of Customer Records. Under said issuance, covered persons are required to digitize all customer records that are within the 5-year retention period for recordkeeping as provided by the AMLA. It also requires all covered persons to develop a central database where the customer records can be easily uploaded and retrieved, accessible at any time by their compliance officer or any other duly authorized officer.

**Republic Act No. 7160 (Local Government Code)**

Republic Act No. 7160, otherwise known as the Local Government Code of 1991 ("**LGC**") establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit ("**LGU**") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

The power to tax and police power are exercised by the LGU through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, impose real property taxes, regulate business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

**Labor Laws**

**The Philippine Constitution**

The Philippine Constitution provides that the State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth. The seven basic rights of workers that are specifically guaranteed by the Philippine Constitution are as follows:

(a) right to organize;

(b) right to conduct collective bargaining or negotiation with management;

(c) right to engage in peaceful concerted activities, including strikes in accordance with law;

(d) right to enjoy security of tenure;

(e) right to work under humane conditions;

(f) right to receive a living wage; and

(g) right to participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

**Labor Code of the Philippines**

The Department of Labor and Employment ("**DOLE**") is the Philippine Government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of

the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines ("**Labor Code**"), the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE. All doubts in the implementation and interpretation of the provisions of the Labor Code shall be resolved in favor of labor. The Labor Code and other statutory laws specify the minimum statutory benefits that employers are required to grant to their employees.

**Labor Code Provision on Retirement Pay**

The Labor Code provides that, in the absence of a retirement plan provided by their employers, private sector employees who have reached sixty (60) years of age or more, but not beyond sixty-five (65) years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five (5) years of service in an establishment, may retire and receive retirement pay as provided by the Labor Code. The retirement pay is equivalent to a minimum of one-half month's salary for every year of service, with a fraction of at least six months being considered as a whole year.

For purposes of computing the retirement pay, "one-half month's salary" shall include: (i) fifteen (15) days' salary based on the latest salary rate; (ii) one-twelfth of the thirteenth ($13^{th}$) month pay; and (iii) the cash equivalent of five (5) days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and employee or if provided in a collective bargaining agreement.

**Occupational Safety and Health Standards Law**

On August 17, 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors, or subcontractors and any person who manages, controls or supervises the work being undertaken, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires providing complete job safety instructions or orientation and informing workers of all hazards associated with their work, health risks involved or to which they are exposed to, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

The Rules for Occupational Safety and Health Standards ("**OSHS**") issued by the Bureau of Working Conditions of the DOLE establishes the threshold limit values ("**TLV**") for toxic and carcinogenic substances which may be present in the atmosphere of the work environment. The TLV refer to airborne concentration of substances and represent the conditions under which it is believed that nearly all workers may be repeatedly exposed daily without adverse effect. The TLV also pertains to the time weighted concentrations for an eight (8)-hour workday and a total of forty-eight (48) work hours per week.

The employees' exposure to the substances identified in the OSHS must be limited to the ceiling value given for the relevant substance in the OSHS, or must not exceed the eight (8)-hour time weighted average limit given for that substance in the OSHS, as the case may be.

To protect the employees, an employer is required to furnish its workers with protective equipment for the eyes, face, hands, and feet as well as protective shields and barriers, whenever necessary, by reason of the hazardous nature of the process or environment, chemical or radiological or other mechanical irritants or hazards capable of causing injury or impairment in the function of any part of the body through absorption, inhalation, or physical contact. The employer is responsible for ensuring the adequacy and proper maintenance of personal protective equipment used in its workplace.

To ensure compliance with the OSHS, every establishment or place of employment will be inspected at least once a year. Special inspection visits may be authorized by the Regional Labor Office to investigate accidents, occupational illnesses or dangerous occurrences, especially those resulting in permanent total disability or death, to conduct surveys of working conditions for the purpose of evaluating and assessing environmental contaminants and physical conditions, or to conduct investigations, inspections or follow-up inspections upon request of an employer, worker or a labor union of the establishment.

Any violation of the provisions of the OSHS will be subject to the applicable penalties provided under DOLE Department Order No. 198-18 and imposable upon any employer, contractor, or subcontractor who willfully fails or refuses to comply with the OSHS standards or a compliance order issued by the Secretary of Labor and Employment or his/her authorized representative.

Depending on the size of the workforce and the nature of the workplace as either hazardous or non-hazardous, an employer is obliged to provide certain free medical and dental attendance and facilities. For large-scale industries with workers of 200 to 600, the employer is required to provide the services of a part-time occupational health physician and a part-time dentist, each of whom is required to stay on the premises of the workplace at least four (4) hours a day, six (6) times a week, and each working in alternate periods. It is also required to provide the services of a full-time occupational health nurse and a full-time first aider. The employer must further maintain an emergency clinic, unless there is a hospital or dental clinic within twenty-five (25) minutes of travel, and ensure that it has facilities readily available for transporting its workers to the hospital or clinic in case of an emergency.

Under the OSHS, every place of employment is required to have a health and safety committee. Further, the employer has the duty to write administrative policies on safety in conformity with OSHS. It must provide to DOLE copies of the policies adopted and the health and safety organization established to carry out the program on safety and health within one month after the organization or reorganization of the health and safety committee.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

In 2023, the DOLE issued Department Order No. 238, Series of 2023 or the Rules on the Administration and Enforcement of Labor Standards pursuant to Article 128 of the Labor Code of the Philippines, as renumbered, and Republic Act No. 11058, strengthening the exercise of the visitorial and enforcement power of the Secretary of Labor and Employment and outlining the procedure for the conduct of occupational safety and health investigations.

**Republic Act No. 1161, as amended (Social Security Law)**

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System ("**SSS**"). Under the said law, social security coverage is compulsory for all employees under sixty (60) years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution, and remit these to the SSS within a period set by law and/or SSS regulations.

**Republic Act No. 9679 (Home Development Mutual Fund Law)**

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the "Pag-IBIG Fund". It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

**Republic Act No. 7875, as amended (National Health Insurance Act of 1995)**

Under Republic Act No. 7875, employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation, a government corporation attached to the Department of Health, tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions, and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is an employer-employee relationship.

**DOLE Mandated Work-Related Programs**

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with ten (10) or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarily liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than Ten Thousand (Php 10,000.00) Pesos nor more Twenty Thousand (Php (Php 20,000.00) Pesos, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it is strictly limited to medical personnel. All private workplaces are also required to establish policies and programs on solo parenting, breastfeeding, alcohol-free workplace, mental health, safe spaces, Hepatitis B, and tuberculosis prevention and control.

**Intellectual Property Laws**

Under the Intellectual Property Code of the Philippines ("**IP Code**"), the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal Government agency involved in the registration of brand names, trademarks, patents and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office shall issue a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The said certificate of registration shall also serve as prima facie evidence of the validity of registration and the registrant's ownership of the mark. A certificate of registration shall remain in force for an initial period of ten (10) years and may be renewed for periods of ten (10) years at its expiration.

The IP Code applies to license agreements which generally fall within the definition of technology transfer arrangements ("**TTAs**"). The IP Code defines TTAs as contracts or agreements involving the transfer of systematic knowledge for the manufacture of a product, the application of a process, or rendering of a service including management contracts; and the transfer, assignment or licensing of all forms of intellectual property rights, including licensing of computer software except computer software developed for mass market. TTAs must comply with Sections 87 and 88 of the IP Code, i.e., TTAs cannot contain the provisions which are prohibited under Section 87 and must contain the mandatory provisions under Section 88. Failure to comply with these provisions of the IP Code will automatically render the entire arrangement unenforceable.

## Environmental Laws

### Philippine Environmental Impact Statement System

The Philippine Environmental Impact Statement System ("**EISS Law**") established under Presidential Decree No. 1586, which is implemented by the DENR, is the general regulatory framework for any project or undertaking that is either: (i) classified as environmentally critical; or (ii) is situated in an environmentally critical area. The DENR, through its regional offices or through the Environmental Management Bureau ("**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area, and processes all applications for an Environmental Compliance Certificate ("**ECC**"). An ECC is a government certification that, among others: (i) the proposed project or undertaking will not cause significant negative environmental impact; (ii) the proponent has complied with all the requirements of the EISS Law in connection with the project; and (iii) the proponent is committed to implement its approved Environmental Management Plan ("**EMP**") in the EIS. The EMP details the prevention, mitigation, compensation, contingency and monitoring measures to enhance positive impacts and minimize negative impacts and risks of a proposed project or undertaking. On the other hand, a Certificate of Non-Coverage ("**CNC**") is a government certification that, based on the submitted project description, the project is not covered by the EIS System and is not required to secure an ECC.

A requisite for the issuance of an ECC for an environmentally critical project, an Environmental Impact Statement ("**EIS**") must be submitted to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("**IEE**") to the proper DENR regional office. In case of an environmentally critical project located in an environmentally critical area, an EIS is likewise required. The EIS refers to both the documentary requirements and the study of a project's environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the documentary requirements and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, it still contains all relevant information regarding the projects' environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System results in the issuance of an ECC. The ECC is a government certification certifying that the proposed project or undertaking will not cause a significant negative environmental impact; that the applicant has complied with all the requirements of the EIS System and has committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project's abandonment phase. The ECC also provides for other terms and conditions, any violation of which would result in a fine or the cancellation of the ECC.

Applicants that prepare an EIS are required to establish an Environmental Guarantee Fund ("**EGF**") when the ECC is issued to projects determined by the DENR to pose a significant public risk to life, health, property and the environment. The EGF answers for damages caused by such a project as well as any rehabilitation and restoration measures. Applicants that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("**EMF**") when an ECC is eventually issued. The EMF will support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations. Aside from EIS and IEE, engineering, geological, and geo-hazard assessments are also required for ECC applications covering subdivisions, housing, and other development and infrastructure projects

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

**The Clean Water Act**

Republic Act No. 9275, otherwise known as the Clean Water Act and its Implementing Rules and Regulations ("**Clean Water Act and its IRR**"), provide for water quality standards and regulations for the prevention, control, and abatement of pollution of the water resources of the country. The Clean Water Act and its IRR require owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time. The discharge permit specifies the quantity and quality of effluents that the holder of the permit is allowed to discharge as well as the validity of the permit. The discharge permit is valid for a maximum period of five (5) years from the date of its issuance, renewable for five (5)-year periods thereafter. The DENR may, however, renew the discharge permit and keep it valid for a longer period if the applicant has adopted waste minimization and waste treatment technologies, consistent with incentives currently provided, and has been paying the permit fees on time. The DENR, together with other Government agencies and the different LGUs, is tasked with implementing the Clean Water Act and its IRR, and with identifying existing sources of water pollutants, as well as strictly monitoring pollution sources which are not in compliance with the effluent standards provided in the law.

**The Water Code**

Presidential Decree No. 1067, or The Water Code of the Philippines ("**Water Code**") requires a water permit for the appropriation or use of natural bodies of water. Use or appropriation of water includes, among others, the utilization of water in factories, industrial plants and mines, including the use of water as an ingredient of a finished product. Appropriation of water without a water permit, when one is required, is subject to the imposition of the corresponding penalties imposed by the Water Code and its implementing rules and regulations.

**The Clean Air Act**

Pursuant to the Clean Air Act and its IRR, enterprises that operate or utilize air pollution sources are required to obtain a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. Said permit shall cover emission limitations for the regulated air pollutants to help maintain and attain the ambient air quality standards. A permit duly issued shall be valid for the period specified therein but not beyond one (1) year from the date of issuance unless sooner suspended or revoked. It may be renewed by filing an application for renewal at least thirty days before the expiration date and upon payment of the required fees and compliance with requirements. The issuance of the permit does not, however, relieve the permittee from complying with the requirements of the Clean Air Act and its IRR.

**Other Environmental Laws**

Other regulatory environmental laws and regulations applicable to the business operations of the Company include the following:

- Republic Act No. 6969 or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, which regulates, restricts or prohibits the: (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substances and mixtures that present unreasonable risk or injury to health or the environment; and (ii) entry as well as transit into the Philippines, or the keeping or storage and disposal of hazardous wastes which include by-products, side-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. Under this law, before any new chemical substance or mixture can be manufactured, processed or imported for the first time, the manufacturer, processor, or importer shall first submit information pertaining to the: (i) name of chemical substance or mixture; (ii) its chemical identity and molecular structure; (iii) proposed categories of use; (iv) estimate of the amount to be manufactured, processed or imported; (v) processing and disposal thereof; and (vi) any test date related to health and environmental effects which the manufacturer, processor or importer has. The said law is implemented by the DENR.

- Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000, which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different LGUs, are responsible for the implementation and enforcement of the said law.

**Property Registration**

The Philippines has adopted a system of land registration which conclusively confirms land ownership binding on all persons, including the Government. Once registered, title to registered land can no longer be challenged except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication and service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court who has jurisdiction over the land confirms title to the same. Persons opposing the registration may appeal the judgment within fifteen (15) days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR through the issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents such as homestead, sales and free patents must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer of encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes with the Registry of Deeds.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Registry of Deeds. Title to the subdivision must be delivered to the purchaser upon full payment of the purchase price.

On 16 July 2021, Republic Act No. 11573, otherwise known as “An Act Improving the Confirmation Process for Imperfect Land Titles, amending Commonwealth Act No. 141, as amended, otherwise known as “The Public Land Act’ and Presidential Decree No. 1529, as amended, otherwise known as the “Property Registration Decree” was signed into law. It aims to address the difficulties and complications in needing to prove ownership of land since 1945 and the strict standards set by the Supreme Court in the judicial confirmation of imperfect titles by simplifying the procedure and requirements for granting of land deeds. This is to help rural farmers and individuals who are unable to afford legal representation to secure land title.

Republic Act No. 11573 allows individuals who: (i) own tract or tracts of land, not exceeding twelve (12) hectares; (ii) prior to the filing of an application for agricultural free patent, have continuously occupied and cultivated the tract or tracts of alienable and disposable agricultural public lands, either personally or through predecessors-in-interest, for at least twenty (20) years; and (iii) have paid the real estate tax therein, to have a free patent issued for such tract or tracts of land not exceeding twelve (12) hectares.

The law also directs all applications for agricultural free patents to be filed before the DENR’s Community Environment and Natural Resources Office (“**CENRO**”), or the Provincial Environment and Natural Resources Office (“**PENRO**”) for provinces without CENRO. Further, it requires the CENRO or PENRO to act on applications for agricultural free patents within a period of one hundred twenty (120) days from filing.

Republic Act No. 11573 allows individuals who have been in an open, continuous, exclusive and notorious possession and occupation of alienable and disposable agricultural land of public domain for a period of twenty (20) years, or who have acquired ownership of private lands or abandoned riverbed by right of accession or accretion may file their petition for perfection of their claims with Regional Trial Courts. It also provides that to prove that the tract of land subject of the application for agricultural free patent is alienable and disposable, a duly signed certification by the duly designated DENR Geodetic Engineer is sufficient. This certification must be imprinted in the approved survey plan submitted by the applicant to the land registration court.

Lastly, Republic Act No. 11573 repealed the provision under Republic Act No. 9176 providing for the fixed term for filing of application of agricultural free patent, which was only up to 31 December 2020. In effect, with the passage of this new law, qualified beneficiaries may apply for agricultural free patent at any time.

**Nationality Restrictions**

Article XII, Section 7 of the 1987 Philippine Constitution provides that private lands shall only be transferred or conveyed to individuals, corporations, or associations qualified to acquire or hold lands of public domain. Only Filipino citizens and corporations whose outstanding capital stock is sixty percent (60%) Filipino-owned are qualified to own land in the Philippines. While the law prescribes restrictions on land ownership, there is nothing under the law which prohibits foreigners to own buildings and other permanent structures.

In addition, Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991 ("**FIA**"), and the Thirteenth Regular Foreign Investment Negative List, provide for certain activities which are nationalized or partly-nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly-nationalized and thus, landholding companies may only have a maximum of forty percent (40%) foreign equity.

In SEC Memorandum Circular No. 08 dated May 20, 2013, or the Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities, it is provided that for purposes of determining compliance with the nationality requirement, the required percentage of Filipino ownership shall be applied both to: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors. A petition for certiorari questioning the constitutionality of SEC Memorandum Circular No. 8 dated May 20, 2013 was filed in June 2013. In *Jose M. Roy III v. Chairperson Teresita Herbosa* (G.R. No. 207246) dated April 18, 2017, the Supreme Court affirmed the validity of SEC Memorandum Circular No. 08 dated May 20, 2013.

In the 2014 case of *Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp* (G.R. No. 195580) and its corresponding motions for reconsideration (the "**Narra Nickel Case**"), the Supreme Court affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders' own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (i) if the corporation's Filipino equity falls below sixty percent (60%), such corporation is deemed foreign-owned, applying the Control Test; (ii) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (iii) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

On March 2, 2022, Republic Act No. 11647 was signed into law, which introduced amendments to the FIA. Among these amendments is the change in the definition of “investment” and “foreign investment.” It also created and defined the powers and authority of the Inter-Agency Investment Promotion Coordination Committee, which shall be responsible, among others, for integrating all promotional and facilitation efforts to encourage foreign investments in the country, and reviewing foreign investments in industries that are involved in activities which may threaten the territorial integrity and safety, security and well-being of Filipino citizens, which investments are made by foreign government-controlled entities or state-owned enterprises except independent pension funds, sovereign wealth funds and multi-national banks or are located in geographical areas critical to national security, and mandated the development of the Foreign Investment Promotion and Marketing Plan. Amendments to the provision on the registration of investments of foreign nationals were likewise introduced.

**RELATED PARTY TRANSACTIONS**

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged. Transactions between the Company and related parties are conducted at estimated market rates and on an arm’s length basis and in accordance with the Company’s Related Party Transactions Policy.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates and joint ventures; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company’s funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

All material related party transactions and related party transactions involving directors and/or officers shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions and related party transactions involving directors and/or officers. In case that a majority of the independent directors’ vote is not secured, the material related party transactions and related party transactions involving directors and/or officers may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 1% of the Company’s total assets, the same BOD approval would be required for the transaction/s that meet and exceeds the materiality threshold covering the same related party. Under SEC Memorandum Circular No. 10, Series of 2019, Rules on Material Related Party Transactions for Publicly-listed Companies, the minimum threshold to be considered as a material related party transaction is 10% of the total assets based on the latest audited financial statements.

Directors with personal interest in a certain related party transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The summary of the Company’s transactions with related parties as of **[June 30, 2026]** is as follows:

**Advances To Related Parties:**

| Related Parties | Movements | Outstanding Balance (PHP) | | Terms and Conditions |
|---|---|---|---|---|
| | | 2025 | 2024 | |
| **TSTI** | Beginning Balance | - | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | 30,501,313 | - | |
| | **Ending Balance** | **30,501,313** | **-** | |
| **EBAMS** | Beginning Balance | - | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | 939,227 | - | |
| | **Ending Balance** | **939,227** | **-** | |
| **Aznar Shipyard** | Beginning Balance | - | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | 35,000,000 | - | |
| | **Ending Balance** | **35,000,000** | **-** | |
| **APMI** | Beginning Balance | - | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | 18,648,857 | - | |
| | **Ending Balance** | **18,648,857** | **-** | |
| **EBASCO** | Beginning Balance | - | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | 2,196,707 | - | |
| | **Ending Balance** | **2,196,707** | **-** | |
| **Total Outstanding Balance (PHP)** | | **87,286,104** | - | |

**Advances From Related Parties:**

| Related Party | Movements | Outstanding Balance (PHP) | | Terms and Conditions |
|---|---|---|---|---|
| | | 2025 | 2024 | |
| **Shareholder** | Beginning Balance | - | 30,349,676 | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | - | (30,349,676) | |
| | **Ending Balance** | **-** | **-** | |
| **ALQ** | Beginning Balance | 346,404 | 16,513,774 | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | (346,404) | (16,167,370) | |
| | **Ending Balance** | **-** | **346,404** | |
| **EBAMS** | Beginning Balance | - | 1,661,749 | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | - | (1,661,749) | |
| | **Ending Balance** | **-** | **-** | |
| **APMI** | Beginning Balance | - | 2,961,736 | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | - | (2,961,736) | |
| | **Ending Balance** | **-** | **-** | |
| **EBASCO** | Beginning Balance | 101,661 | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | (101,661) | 101,661 | |
| | **Ending Balance** | **-** | **101,661** | |
| **GASAI** | Beginning Balance | - | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | 3,100,000 | - | |
| | **Ending Balance** | **3,100,000** | **-** | |
| **Total Outstanding Balance (PHP)** | | **3,100,000** | **346,404** | |

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.

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.

The Company entered into a lease contract with EBAMS for the lease of its office space and recognized rent expense of Php571,200 each in 2025 and 2024 on such office space lease.

Personal land of the owners amounting to Php206.90 million was held as collateral for the Company's loan payable.

# THE PHILIPPINE STOCK MARKET

**Brief History**

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulatory, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated on July 24, 1992 as a non-stock corporation by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. The PSE previously maintained two trading floors, one in Makati City and the other in Pasig City, which were linked by an automated trading system that integrated all bid and ask quotations from the bourses. In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor. On June 24, 2022, the PSE closed its trading floor at the PSE Tower, Bonifacio Global City to embrace digital trading. Traders are to conduct activities off-site instead of their trading booths, embracing remote setup. While the PSE shifted to "floorless trading," bell ringing ceremonies for new listings would still be conducted in the PSE headquarters.

In June 1998, the SEC granted the PSE "Self-Regulatory Organization" status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. Each of the 184 member-brokers was granted 50,000 shares of the new PSE at a par value of Php 1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member-broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry. As of March 6, 2020, the PSE has an authorized capital stock of Php 120 million, of which Php 85.2 million are issued and Php 81.6 million are outstanding. As of October 31, 2022, the PSE has Php 85.5 million issued shares of which Php 81.6 million are outstanding and fully paid while Php 387,683.00 are outstanding and subscribed.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. In 2013, the PSE issued Rules on Exchange Traded Funds ("**ETF**") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards.

The PSE has a benchmark index, referred to as the PSEi, which reflects the price movements of the 30 largest and most active stocks at the PSE. The PSEi is a free float market capitalization-weighted index.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices. With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE adopted a new online disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE Electronic Disclosure Generation Technology (EDGe), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors.

In June 2015, the PSE shifted to a new trading system, the PSEtrade XTS, which utilizes NASDAQ's X-stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, PSE received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the SEC to introduce short selling in the equities market.

The PSE issued Memorandum LA No. 2011-0032 dated September 1, 2011, regarding the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy (RE) Companies (PRE Rules). In addition to the general listing requirements, Petroleum and RE Companies are required to submit the documentary requirements set forth in the Checklist of Documentary Requirements for Petroleum and RE Companies in case of an IPO or Listing by way of Introduction. Moreover, existing listed companies and Petroleum and RE Companies that will apply for initial listing with the PSE shall comply with the supplemental disclosure requires specified in the Supplemental Disclosure Guidelines and Requirements for Petroleum and Renewable Energy Companies.

The PSE Rules provide that an applicant Petroleum or RE company must, at a minimum, demonstrate to the PSE that it is an operator or a co-venturer of a valid and subsisting Service/Operating Contract duly approved and awarded by the DOE. Moreover, an applicant Petroleum or RE company should prove that it has the right to participate actively in the exploration for and/or extraction of natural resources through adequate control over the assets, or through adequate rights which give it sufficient influence in decisions over the exploration for and/or extraction of natural resources.

On March 22, 2018, the PSE completed a stock rights offering of 11,500,000 Common Shares which were offered at the price of Php 252.00 per share, or a total of Php 2,898,000,000. The proceeds of the stock rights offering will be used to fund the acquisition of PDS and capital expenditure requirements of the PSE. As of the date of this Prospectus, the PSE has an authorized capital stock of Php120 million, of which 85,477,846 shares are issued. Out of this total, 81,963,894 shares are outstanding, and 3,901,635 are treasury shares.

The table below sets out movements in the composite index from 2005 to 2023, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

| Year | Composite Index at Closing | Number of Listed Companies | Aggregate Market Capitalization (Php) | Combined Value of Turnover (Php) |
|---|---|---|---|---|
| 2005 | 2,096.0 | 237 | 5.984.4 | 383.5 |
| 2006 | 2,982.5 | 240 | 7,172.8 | 572.6 |
| 2007 | 3,621.6 | 244 | 7,978.5 | 1,338.3 |
| 2008 | 1,872.9 | 246 | 4,0692 | 763.9 |
| 2009 | 3,052.7 | 248 | 6,029.1 | 994.2 |
| 2010 | 4,201.1 | 253 | 8,866.1 | 1,207.4 |
| 2011 | 4,372.0 | 253 | 8,697.0 | 1,422.6 |
| 2012 | 5,812.7 | 254 | 10,930.1 | 1,771.7 |
| 2013 | 5,889.8 | 257 | 11,931.3 | 2,546.2 |
| 2014 | 7,230.6 | 263 | 14,251.7 | 2,130.1 |
| 2015 | 6,952.1 | 265 | 13,465.2 | 2,151.4 |
| 2016 | 7,629.7 | 268 | 14,438.8 | 1,929.5 |
| 2017 | 8,558.4 | 267 | 17,538.1 | 1,958.4 |
| 2018 | 7,466.0 | 267 | 16,146.7 | 1,736.8 |
| 2019 | 7,815.3 | 271 | 16,710.0 | 1,770.0 |
| 2020 | 7,139.7 | 274 | 15,888.9 | 1,770.9 |
| 2021 | 7,122.6 | 280 | 18,081.1 | 2,233.1 |
| 2022 | 6,566.4 | 286 | 16,558.5 | 1,788.7 |
| 2023 | 6,540.0 | 283 | 16,740.0 | 1,474.9 |
| 2024 | 6,528.8 | 283 | 20,007.6 | 1,494.9 |
| 2025 | 6,059.9 | 282 | 19,730.0 | 1,780.0 |

Source: PSE Annual Reports

**Trading**

The PSE is a double auction market. Buyers and sellers are each represented by stock brokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Transactions are generally invoiced through a confirmation slip sent to customers on the trade date (or the following trading day). Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 p.m. for the morning session, and resumes at 1:30 pm and ends at 3:30 pm for the afternoon session, with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal and special holidays and days when the BSP clearing house is closed. From March 19, 2020 to December 3, 2021, on account of the COVID-19 pandemic, trading in the PSE was held as a continuous session from 9:30 a.m. to 1:00 p.m. daily. Beginning on 6 December 2021, trading in the PSE resumes to regular trading hours.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for the Issuer's Shares is 10 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order will result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 30% above and 50% below the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE.
- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

**Non-Resident Transactions**

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three (3) business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

**Settlement**

The Securities Clearing Corporation of the Philippines ("**SCCP**") is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for: (1) synchronizing the settlement of funds and the transfer of securities through delivery versus payment, as well as clearing and settlement of transactions of clearing members, who are also PSE Trading Participants; (2) guaranteeing the settlement of trades in the event of a PSE Trading Participant's default through the implementation of its "Fails Management System"

and administration of the Clearing and Trade Guaranty Fund, and; (3) performance of risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE Trading Participant maintains a Cash Settlement Account with one of the eight existing Settlement Banks of SCCP which are Banco De Oro Unibank, Inc. ("**BDO Unibank**"), Rizal Commercial Banking Corporation ("**RCBC**"), Metropolitan Bank & Trust Company ("**Metrobank**"), Deutsche Bank ("**DB**"), Union Bank of the Philippines ("**Unionbank**"), The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**"), Maybank Philippines, Inc. ("**Maybank**") and Asia United Bank Corporation ("**AUB**"). Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("**CCCS**") system in May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

**Scripless Trading**

In 1995, the PDTC, was organized to establish a central depository in the Philippines and introduce scripless bookentry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the bookentry system, while the cash element will be settled through the current settlement banks, BDO Unibank, RCBC, Metrobank, DB, Unionbank, HSBC, Maybank and AUB.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee Corporation ("**PCD Nominee**"), a corporation wholly owned by the PDTC whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. "**Immobilization**" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares to PCD Nominee will be recorded in the Issuer's registry. This trust arrangement between the participants and PDTC through PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g., brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must execute the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedure of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are generally on the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee Corp. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

**Amended Rule on Lodgment of Securities**

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009- 0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate, in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III, Part A of the PSE's Revised Listing Rules.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the SEC in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company. Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof as follows:
- For new companies to be listed at the PSE as of July 1, 2009 the usual procedure will be observed but the Transfer Agent of the companies shall no longer issue a certificate to PCD Nominee Corp. but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date.
- On the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the issuer's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on May 21, 2010, through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

**Issuance Of Stock Certificates for Certificated Shares**

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for withdrawal from the book-entry system and return to the conventional paper based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follo the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

**Amended Rule on Minimum Public Ownership**

On December 1, 2017, the SEC issued SEC Memorandum Circular No. 13, Series of 2017 (SEC MC 13-2017) on the rules and regulations on minimum public ownership (MPO) on initial public offerings. SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%. If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall. The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) the purpose of investment; and (c) the extent of involvement in the management of the company shares held by the following are generally considered as held by the public: (a) individuals whose shares are not of significant size and which are non-strategic in nature; (b) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (c) investment funds and mutual funds; (d) pension funds which hold shares in companies other than the employing company or its affiliates; (e) PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (f) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investor are considered nonpublic. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

Notwithstanding the quarterly public ownership report requirement of the PSE, listed companies listed on the PSE are required to (a) establish and implement an internal policy and procedure to monitor its MPO levels on a continuous basis; and (b) immediately report to the SEC within the next business day if its MPO level falls below 20%. Listed companies are also required to submit to the SEC a time-bound business plan describing the steps that the company will take to bring the public float to at least 20% within a maximum period of 12 months from, within ten days from knowledge that its MPO has become deficient. Listed companies are also required to submit to the SEC a public ownership report and

progress report on any such submitted business plan within 15 days after end of each month until such time that its MPO reaches the required level.

The MPO requirement also forms part of the requirement for the registration of securities. Non-compliance with these MPO requirements subject publicly listed companies to administrative sanctions, including suspension and revocation of their registration with the SEC.

On February 24, 2026, the Philippine SEC issued SEC Memorandum Circular No. 11, Series of 2026, which introduces a tiered MPO requirement for IPO applicants based on expected market capitalization at the time of listing, as follows:

| Expected Market Capitalization at the time of Minimum Public Offer Listing | Minimum Public Offer |
|---|---|
| Not exceeding Php 500 million | 33% |
| Over Php 500 million to Php1 billion | 25% (subject to a minimum offer size of Php165 million) |
| Over Php 1 billion to Php50 billion | 20% (subject to a minimum offer size of Php250 million) |
| Over Php50 billion | 15% (subject to a minimum offer size of PHp10 billion) |

Pursuant to SEC Memorandum Circular No. 11, Series of 2026, post-listing, companies intending to list will be required to maintain a minimum public float ranging from 15% to 20%, depending on market capitalization at the time of listing, provided, that where a lower MPO was approved, the minimum maintaining public ownership shall in no case be lower than the approved MPO at the time of listing.

On August 11, 2026, the PSE announced the SEC's approval of the PSE Amended Rule on Minimum Public Ownership (the "**Amended MPO Rule**") and the Revised Guidelines in Determining the Public Ownership of Listed Companies, which took effect immediately. Under Section 2 of the Amended MPO Rule, the applicable minimum initial public ownership requirements are as follows:

| Company | Minimum Initial Public Ownership |
|---|---|
| Listed prior to the effectivity of SEC Memorandum Circular No. 13, Series of 2017 | 10% |
| Listed after the effectivity of SEC Memorandum Circular No. 13, Series of 2017 | 20% |
| Listed after the effectivity of SEC Memorandum Circular No. 11, Series of 2026: | |
| Expected market capitalization at the time of listing not exceeding Php500 million | 33% |
| Expected market capitalization at the time of listing over Php500 million but not exceeding Php1 billion | 25% (subject to a minimum offer size of Php165 million) |
| Expected market capitalization at the time of listing over Php1 billion but not exceeding Php50 billion | 20% (subject to a minimum offer size of Php250 million) |
| Expected market capitalization at the time of listing over Php50 billion | 15% (subject to a minimum offer size of Php10 billion) |
| Real Estate Investment Trust | 33.33% |

Following listing, listed companies are required to maintain at all times the applicable minimum percentage of listed securities held by the public, calculated based on their issued and outstanding common shares, as follows:

| Company | Minimum Initial Public Ownership |
|---|---|
| Listed prior to the effectivity of SEC Memorandum Circular No. 13, Series of 2017 | 10% |
| Listed after the effectivity of SEC Memorandum Circular No. 13, Series of 2017 | 20% |
| Listed after the effectivity of SEC Memorandum Circular No. 11, Series of 2026: | |
| Market capitalization at the time of listing not exceeding Php50 billion | 20% |
| Market capitalization at the time of listing over Php50 billion | 15% |
| Real Estate Investment Trust | 33.33% |

For purposes of computing the minimum public ownership percentage, preferred shares and treasury shares are excluded.

The PSE may, subject to the approval of the SEC as may be required, allow an issuer to comply with a lower MPO requirement. An issuer with an exceptionally large expected market capitalization at the time of listing of at least Php200 billion may be considered eligible for a lower MPO requirement, which may not be lower than 12%, provided that it satisfies the criteria prescribed under the Amended MPO Rule. The applicable minimum maintaining public ownership may in no case be lower than the approved minimum initial public ownership percentage.

Listed companies are required to monitor compliance with the applicable MPO requirement. If a listed company's public ownership falls below the prescribed MPO, it must immediately disclose the breach to the PSE, submit a compliance plan within 10 days from the breach, and restore compliance within a maximum period of six months. A listed company that becomes non-compliant with the MPO requirement will be immediately suspended from trading for a period of not more than six months and, if it remains non-compliant upon the lapse of the suspension period, will be automatically delisted, subject to the provisions of the Amended MPO Rule.

**Amended Listing Rules for Real Estate Investment Trusts ("REITs")**

On February 7, 2020, the PSE issued Memorandum CN No. 2020-0005 on the Amended Listing Rules for Real Estate Investment Trusts ("**Amended REIT Listing Rules**"). Under the Amended REIT Listing Rules, a REIT must meet the following criteria in addition to the criteria in the PSE Listing Rules:

- A REIT must be a stock corporation established in accordance with the Revised Corporation Code of the Philippines and the rules and regulations promulgated by the Commission principally for the purpose of owning income-generating real estate assets.
- A REIT must have a dividend policy of distributing annually at least ninety percent (90%) of its distributable income as dividends to its shareholders in accordance with the REIT Act of 2009 and its IRR.
- A REIT must be a public company upon and after listing, and to be considered as such, a REIT must have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock.
- A REIT must have a minimum paid-up capital of Php 300 million.
- At least seventy-five percent (75%) of the deposited property of the REIT must be invested in, or consist of, income-generating real estate; provided, that a REIT shall not invest in real estate located outside the Philippines which exceeds more than forty percent (40%) of its deposited property and, provided further, that the REIT shall at all times secure a special authority from the securities and exchange commission in making such investment outside the Philippines.
- At least 1/3 of the board of directors of a REIT must be independent directors, which in no case shall be less than two (2).

- A REIT must appoint a qualified fund manager and property manager in accordance with the REIT Act of 2009 and its IRR, as may be amended.
- Directors or officers of the REIT, fund manager, property manager, distributor and other REIT participants are subjected to the fit and proper rule under the REIT Act of 2009 and its IRR.
- A newly formed REIT which invokes the track record or operating history of its income generating real estate assets shall submit audited financial statements and any other supporting documents that reflect the back record or operating history of the REIT's income-generating real estate assets for the applicable period.
- The Articles of Incorporation and By-Laws of the REIT shall provide that all of the shares of stock of the REIT shall be issued in the form of uncertificated securities and an investor may not require the REIT to issue a certificate in respect of any share recorded in their name.
- Pursuant to Section 8 of the Amended REIT Listing Rules, the REIT shall submit a firm undertaking on the part of its sponsors/promoters which transferred income-generating real estate to the REIT to reinvest in real estate or infrastructure projects in the Philippines any monies realized by such sponsors/promoters from (a) the subsequent sale of REIT shares or other securities issued in exchange of income generating real estate transferred by such sponsors/promoters to the REIT; or (b) the sale of any income-generating real estate to the REIT. The firm undertaking shall also state the firm commitment to regularly report to the REIT the status of implementation of the Reinvestment Plan.
- The submission of a Reinvestment Plan by the sponsors/ promoters which transferred income-generating real estate to the REIT.
- The REIT and its sponsors/promoters which transferred income-generating real estate to the REIT shall be parties to a listing agreement with the Exchange which contains, among others, their undertaking to comply with these Rules.

The Amended REIT Listing Rules also set out the special and regular reports required for REITs and the guidelines to observed in the reinvestment by the sponsors/promoters which transferred income generating real estate to the REIT.

On June 13, 2022, PSE issued Memorandum MEA No. 2022-0001 amending the Amended REIT Listing Rules relating to Lock-Up Exemption for REIT Sponsors and the Shareholder Equity Requirement. The pertinent amendments under MEA No. 2022-0001 are as follows:

- To enable a secondary offering of REIT shares during the IPO, even in cases where the actual issuance of REIT shares to the sponsors/promoters in exchange for their contributed properties at a price lower than the IPO price may take place within the one hundred eighty (180)-day period before the IPO due to pending regulatory approvals, such shares issued to sponsors/promoters shall be exempted from the application of the Lock-Up Rule, provided that:
    - The shares could not have been issued earlier than the 180-day period prior to the IPO because of pending regulatory requirements;
    - The sponsors/promoters sell the exempted shares during the IPO, provided that, such sponsors/promoters may only sell shares during IPO to the extent of forty-nine percent (49%) of the REIT's outstanding capital stock; and
    - REIT shares which are covered by this exemption but are not sold during the IPO shall lose their lock-up exemption and be subject to the 365-day lock-up counted from full payment.
- The maximum limit of REIT IPO Lock-Up Exemption is 49% of the outstanding capital stock of the REIT.
- The Php 500 Million minimum stockholder's equity required under the PSE Listing and Disclosure
- Rules must be present at the time of filing, instead of the fiscal year immediately preceding the filing of the listing application.
- A newly-formed REIT is not prohibited from undertaking a secondary offering of shares during Initial Public Offering.

**Mandatory Lock-Up Rule**

The PSE Consolidated Listing and Disclosure Rules (the "**PSE Listing Rules**") require an applicant company for the SME Board to cause the Company's existing non-public stockholders and their related parties to refrain from selling, assigning, encumbering or in any manner disposing of their shares for a period of one (1) year after the listing of such shares.

For purposes of this section, "non-public stockholders" shall mean the Company's: (i) principal stockholders (*i.e.*, the owner of 10% or more of the issued and outstanding shares); (ii) subsidiaries or affiliates; (iii) directors; (iv) principal officers; and (v) any other person who has substantial influence on how the Company is being managed. On the other hand, the term "related parties" shall mean the non-public stockholder's: (i) principal stockholders (*i.e.*, the owner of 10% or more of the issued and outstanding shares); (ii) subsidiaries or affiliates; (iii) directors; (iv) principal officers; and (v) members of the immediate families sharing the same household of any of its principal stockholders, directors, or principal officers.

In accordance with the foregoing, the Common Shares held by the following shareholders will be subject to the one (1) year lock-up requirement:

| SHAREHOLDER | NO. OF COMMON SHARES HELD SUBJECT OF THE 1-YEAR LOCK UP PERIOD |
|---|---|
| E.B. Aznar Shipping Corp. | 900,270,000 |
| Tabuelan Sea Transport Inc. | 677,882,730 |
| Aznar Strategic Holdings, Inc. | 255,000,000 |
| Zoraida C. Aznar | 120,723,660 |
| Ma. Theresa S. Aznar | 120,723,660 |
| Jocelyn Cecilia A. Beane | 120,723,660 |
| Hydie M. Vargas | 85,000,000 |
| Kyle Alexander C. Aznar | 75,360,340 |
| Katrina Elizabeth C. Aznar | 60,361,840 |
| Raul Justino M. Cabatingan | 20,001,500 |
| Virgilio Brigido G. Espeleta | 20,001,500 |
| Segismundo F. Exaltacion, Jr. | 20,001,500 |
| Ferdinand C. Vargas | 20,001,500 |
| Euney Marie J. Mata-Perez | 1,500 |
| Felix Taguiam | 1,500 |
| **TOTAL** | **2,496,054,890*** |

*This is *assuming that the Over-allotment Option is fully exercised. If the Over-allotment Option is not exercised, the number of shares subject of the lock-up is [2,596,054,890] Common Shares.*

Additionally, if there is any issuance or transfer of shares (i.e., private placement, asset for shares swap or a similar transaction) or of instruments which leads to an issuance or transfer of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within one hundred eighty (180) days prior to the start of the Offering Period, or prior to the listing date, in the case of listing by way of introduction, and the transaction price is lower than that of the offer price in the initial public offering or than that of the listing price in the case of listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least three hundred sixty-five (365) days from the listing of the aforesaid shares.

In accordance with the foregoing, the Common Shares held by the following shareholders will be subject to the 365-day lock-up requirement:

| SHAREHOLDER | NO. OF COMMON SHARES HELD SUBJECT OF THE 365-DAY LOCK UP PERIOD |
|---|---|
| E.B. Aznar Shipping Corp. | 900,270,000 |
| Tabuelan Sea Transport Inc. | 677,882,730 |
| Aznar Strategic Holdings, Inc. | 255,000,000 |
| Zoraida C. Aznar | 120,723,660 |
| Ma. Theresa S. Aznar | 120,723,660 |
| Jocelyn Cecilia A. Beane | 120,723,660 |
| Hydie M. Vargas | 85,000,000 |
| Kyle Alexander C. Aznar | 75,360,340 |
| Katrina Elizabeth C. Aznar | 60,361,840 |
| Raul Justino M. Cabatingan | 20,001,500 |
| Virgilio Brigido G. Espeleta | 20,001,500 |
| Segismundo F. Exaltacion, Jr. | 20,001,500 |
| Ferdinand C. Vargas | 20,001,500 |
| Euney Marie J. Mata-Perez | 1,500 |
| Felix Taguiam | 1,500 |
| **TOTAL** | **2,496,054,890*** |

**This is assuming that the Over-allotment Option is fully exercised. If the Over-allotment Option is not exercised, the number of shares subject of the lock-up is [2,596,054,890] Common Shares.*

To implement the foregoing lock-up requirements, the PSE requires the applicant company to lodge the locked-up shares with the PDTC through a Philippine Central Depository ("PCD") participant for the electronic lock-up of the shares or enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

**Amendments to the Voluntary Delisting Rules**

On December 1, 2020, PSE issued Memorandum Circular No. 2020-0104 ("**C.N. 2020-0104**") on the amendments to the voluntary delisting rules. Under C.N. 2020-0104, the delisting must be approved by: (i) at least two-thirds (2/3) of the entire membership of the Board, including the majority, but not less than two, of all of its independent directors; and (ii) Stockholders owning at least two-thirds (2/3) of the total outstanding and listed shares of the listed company.

Further, the number of votes cast against the delisting proposal should not be more than ten percent (10%) of the total outstanding and listed shares of the listed company.

As regards the tender offer price, the minimum tender offer price shall be the higher of: (i) the highest valuation based on the fairness opinion or valuation report prepared by an independent valuation provider in accordance with SRC Rule 19.2.6; or (ii) the volume weighted average price of the listed security for one year immediately preceding the date of posting of the disclosure of the approval by the Company's Board of Directors of the Company's delisting from the Exchange.

**Revised Rules on Backdoor Listing**

On May 26, 2022, PSE issued Memorandum Circular No. 2022-0024 ("**C.N. No. 2022-0024**"), Revised Rules on Backdoor Listing, effective immediately. Under C.N. No. 2022-0024, backdoor listing is deemed to occur if the following elements are present:

- The listed company, directly or indirectly, acquires the shares or assets of an unlisted company or person or group of persons or vice versa; and
- Such transaction or series of transactions results or will result in:
    - Change in control or de facto control of the listed company; and/or
    - Substantial change in the business of the listed company.

Change in control takes place when the purchaser acquires more than fifty percent (50%) of the voting power of the listed company while de facto control is acquired if the purchaser becomes the single largest substantial shareholder of the listed company after the transaction leading to the backdoor listing. Meanwhile, there is substantial change in business of the listed company if the value of the new business or assets acquired is more than fifty percent (50%) of the total assets of the listed company, based on the audited financial statements of the listed company as of the end of the fiscal year preceding the backdoor listing or the latest available interim financial statements, as may be applicable.

Some of the notable salient provisions of C.N. No. 2022-0024 are as follows:

- Corporate approvals for primary issuance of shares resulting in backdoor listing are required, as follows:
    - At least 2/3 of the entire membership of the Board of Directors, including the majority (but not less than two) of its independent directors; and
    - Stockholders owning at least 2/3 of the total issued and outstanding shares of the listed company.
- Where a transaction results in change of control of the listed company but the new controlling stockholder will not conduct a tender offer on the basis of any of the exemptions provided in SRC Rule 19.3, the new controlling stockholder or the listed company must submit to the Exchange a written confirmation from the SEC that the mandatory tender offer requirement is not applicable. Meanwhile, if the transaction results in substantial change in business of the listed company without the listed company effecting a change in its Registration Statement, the listed company must also submit a written confirmation from the SEC that amendment of its Registration Statement is not required. Pending submission of these confirmations, the trading of the shares of the listed company will remain to be suspended.
- A backdoor-listed company shall conduct a public offering of at least ten percent (10%) of its issued and outstanding shares within one (1) year from closing or completion of the transaction giving rise to backdoor listing. A stock rights offering ("**SRO**") shall not be deemed a public offering for purposes of this rule. Prior to the conduct of the public offering, the listed company shall not conduct any private capital-raising activity (except SRO, Employee Stock Option Plan and stock dividend declaration), unless the same is necessary to comply with the 20% MPO requirement. Secondary offering of shares under trading suspension or lock-up shall not be allowed during the public offering. Non-compliance with the public offering requirement within the prescribed 1-year period shall result in trading suspension of the listed shares.

Shares issued pursuant to the backdoor listing transaction shall be subject to a lock-up period of six (6) months following the conduct of the public offering. Shares held by stockholders owning at least ten percent (10%) of the total issued and outstanding shares shall be locked up for one (1) year from closing or completion of the transaction giving rise to backdoor listing.

A company listed in the SME Board is prohibited from doing a backdoor listing. The PSE may delist a company which undertakes a backdoor listing in contravention of this rule.

**Short Selling Rules**

On October 2, 2023, the PSE announced that the PSE Guidelines for Short Selling Transactions shall take effect immediately and that it would officially launch its short selling program on October 23, 2023. However, the planned launch and implementation of the PSE Guidelines for Short Selling Transactions was eventually postponed to November 6, 2023.

Under the PSE Guidelines for Short Selling Transactions, as amended, securities that are eligible for short selling are limited to PSEi constituents, MidCap Index constituents, Dividend Yield Index constituents, and exchange traded funds. An eligible security must maintain a ratio of short interest to outstanding shares at less than or equal to 10% or as may be prescribed by the PSE. The "short interest" or the "outstanding short position" refers to the cumulative number of shares of a security sold short that have not yet been closed out, adjusted for corporate actions as may be applicable.

The PSE trading system shall not accept short selling orders for ineligible securities. Only PSE trading participants are allowed to enter short selling orders. Clients who want to place short selling orders must course these orders through their respective trading participants. Prior to entering the short selling

order, the trading participant is required to determine that the client has entered into the necessary borrowing arrangements for the eligible securities subject of the short sale. Trading participants must also comply with the uptick rule under Section 3 of SRC Rule 24.2-2 and Section 5.2(b) of the Revised Trading Rules of the Exchange, or relevant revisions thereto. The requirements of the PSE and the Philippine SEC on securities borrowing and lending should be complied with by the short seller for purposes of complying with the PSE Trading Rules prohibition against "naked short sales."

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# PHILIPPINE TAXATION

The following is a general description of certain material Philippine tax aspects of the acquisition, ownership, and disposition of the Common Shares. This discussion is based on laws, regulations, rulings, income tax conventions (tax treaties), administrative practices and judicial decisions in effect at the date of this Prospectus, and is subject to any changes occurring after such date. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective investor.

The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to an investor, or to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates or tax incentives under special laws.

This general description does not purport to be a comprehensive description of the Philippine tax aspects of the investments in the Common Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing the Common Shares under applicable tax laws of other applicable jurisdictions and the specific tax consequence in light of particular situations of acquiring, owning, holding and disposing the Common Shares in such other jurisdictions.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE COMMON SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL AND NATIONAL TAX LAWS.

The following is a general description of certain Philippine tax aspects of the investment in the Common Shares. It is based on the present provisions of the Tax Code, as amended by the Tax Reform for Acceleration and Inclusion ("**TRAIN**"), Corporate Recovery and Tax Incentives for Enterprises Act ("**CREATE**"), Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy Act ("**CREATE MORE**"), Capital Markets Efficiency Promotion Act ("**CMEPA**") and the regulations promulgated thereunder and judicial and ruling authorities in force as of the date of this Prospectus, all of which are subject to changes occurring after such date, which changes could be made on a retroactive basis.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien engaged in trade or business in the Philippines"; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not engaged in trade or business in the Philippines". A "domestic corporation" is created or organized under the laws of the Philippines; a "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

The term "**non-resident holder**" means a holder of the Common Shares:

- who is an individual who is neither a citizen nor a resident of the Philippines or an entity which is a non-resident foreign corporation; and
- should an income tax treaty be applicable, whose ownership of the Common Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.

**PHILIPPINE TAXATION**

On January 1, 2018, RA No. 10963, otherwise known as the TRAIN took effect. The TRAIN amended various provisions of RA No. 8424 or the National Internal Revenue Code (the "Tax Code"), including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax.

On March 26, 2021, the second package of the Comprehensive Tax Reform program, RA No. 11534, otherwise known as the CREATE was signed into law, further amending provisions of the Tax Code relating to, among others, corporate income tax rates for micro-, small-, and medium-sized enterprises, from 30% to 20%; while Large Corporations are now taxed at a lowered rate of 25% and modernizing fiscal incentives in a bid to complement the expected incremental revenues from the first package. The CREATE took effect on April 11, 2021.

On November 11, 2024, RA No. 12066, or otherwise known as the CREATE MORE was signed into law, further amending the Tax Code. The CREATE MORE established a simplified VAT refund system which aims to reduce delays in tax processes and to streamline procedures for projects that are eligible for incentives, by raising the investment capital thresholds for approval by investment promotion agencies, from Php1 billion to Php15 billion. Significantly, the CREATE MORE extended the maximum duration of availment of tax incentives from 17 years to 27 years. It also amended Section 32(B) of the Tax Code, which now provides that income of any kind, to the extent required by any treaty obligation, shall not be included in the gross income and shall be exempt from income taxation under the Tax Code.

On May 29, 2025, RA No. 12214, or otherwise known as the CMEPA, was signed into law. Under the CMEPA, passive income of a domestic corporation are taxed as follows: (a) a final tax of 20% is imposed upon the amount of interest, yield, or other monetary benefit earned or received from any currency bank deposit, deposit substitute, trust fund, or other similar arrangements; (b) income derived by a depository bank under the expanded foreign currency deposit system from foreign currency transactions with nonresidents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by the BSP to transact business with foreign currency deposit system units and other depository banks under the expanded foreign currency deposit system shall be exempt from all taxes, except net income from such transactions as may be specified by the Secretary of the Department of Finance, upon recommendation by the Monetary Board to be subject to the regular income tax payable by banks: Provided, however, That interest income from foreign currency loans granted by such depository banks under said expanded system to residents other than offshore banking units in the Philippines or other depository banks under the expanded system shall be subject to a final tax at the rate of 10%; (c) a final tax at the rate of 15% is imposed upon the net capital gains realized during the taxable year from the sale, exchange, or other modes of disposition of shares of stock of a domestic or foreign corporation that are not traded in a local or foreign stock exchange; and (d) a final tax of 20% is imposed on royalties earned as passive income.

**INDIVIDUAL INCOME TAX**

A resident citizen is taxed on income from all sources within and without the Philippines at progressive rates ranging from 0% to 35% of taxable income (other than certain passive income and capital gains which are subject to final taxes). Taxable income means gross income less allowable deductions. A resident alien, non-resident citizen, or non-resident alien engaged in trade or business in the Philippines is generally subject to an income tax in the same manner and at the same progressive tax rates on taxable income from all sources within the Philippines (other than certain passive income and capital gains which are subject to final taxes).

A non-resident alien who comes to the Philippines and stays in the country for an aggregate period of more than 180 days during any calendar year will be deemed a non-resident alien engaged in trade or business in the Philippines. A non-resident alien not engaged in trade or business in the Philippines is taxed on gross income from Philippine sources such as interest, cash and/or property dividends, rents, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual or periodic or casual gains, profits, and income, and capital gains (other than capital gains from the sale of shares of stock in a domestic corporation and real property) at the rate of 25% withheld at source.

A "non-resident citizen" is a citizen of the Philippines who (a) establishes to the satisfaction of the Commissioner of Internal Revenue the fact of his physical presence abroad with a definite intention to reside therein, or (b) leaves the Philippines during the taxable year to reside abroad, either as an immigrant or for employment on a permanent basis, or (c) works and derives income from abroad and whose employment thereat requires him to be physically present abroad most of the time during the taxable year. A citizen of the Philippines who has been previously considered as a non-resident citizen and who arrives in the Philippines at any time during the taxable year to reside permanently in the

Philippines shall likewise be treated as a non-resident citizen for the taxable year in which he arrives in the Philippines with respect to his income derived from sources abroad until the date of his arrival in the Philippines.

**CORPORATE INCOME TAX**

The Tax Code generally subjects a domestic corporation to a corporate income tax of 25% of its taxable income from all sources within and outside the Philippines except, among others, (i) gross interest income from currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; (ii) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax rate of 15% of such income, (iii) capital gains tax from sales of shares of stock not traded in the stock exchange which are taxed at a rate of 15% on the net capital gain; and (iv) capital gains realized from the sale, exchange or disposition of lands and buildings, which is subject to a final tax of 6%.

Under CREATE MORE, domestic corporations considered as Micro, Small, and Medium Enterprises ("MSME") (those with net taxable income not exceeding Php 5,000,000.00 and with total assets not exceeding Php 100,000,000.00 [excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed]), shall be taxed at 20% on their taxable income. Taxable net income refers to items of income specified under Section 32(A) of the Tax Code less the items of allowable deductions under Section 34 of the Tax Code or those allowed under special laws, or the Optional Standard Deduction ("**OSD**") under Section 34 (L) of the Tax Code equivalent to an amount not exceeding 40% of the domestic corporation's gross income. Additionally, under the same law, domestic corporations and resident foreign corporations that are registered business enterprises under the enhanced deductions scheme provided under the Tax Code shall be taxed at 20% of their taxable income derived from registered projects or activities during each taxable year.

A resident foreign corporation (except certain types of corporations enumerated in the Tax Code) is subject to a tax of 25% of its taxable income from all sources within the Philippines except those items of income that are subject to final withholding tax, such as: (a) gross interest income from Philippine currency bank deposits and yield or any other monetary benefit from deposit substitutes, trust funds, and similar arrangements as well as royalties from sources within the Philippines that are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; (b) income derived by a depository bank under the expanded foreign currency deposit system from foreign currency transactions with nonresidents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by the BSP to transact business with foreign currency deposit system units and other depository banks under the expanded foreign currency deposit system shall be exempt from all taxes, except net income from such transactions as may be specified by the Secretary of the Department of Finance, upon recommendation by the Monetary Board to be subject to the regular income tax payable by banks: Provided, however, That interest income from foreign currency loans granted by such depository banks under said expanded system to residents other than offshore banking units in the Philippines or other depository banks under the expanded system shall be subject to a final tax at the rate of ten percent (10%);and (c) net capital gains from the sale, exchange or other disposition of shares of stock in a domestic corporation not traded in a local or foreign stock exchange is subject to tax at the rate of 15% and (d) a final tax of twenty percent (20%) is imposed on royalties earned as passive income.

Effective 1 July 2020 until 30 June 2023, a minimum corporate income tax ("**MCIT**") of 1% of the gross income as of the end of the taxable year is imposed on a domestic corporation and a resident foreign corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the MCIT is greater than the normal corporate income tax for the taxable year. After June 30, 2023, the rate of MCIT shall be 2% of the gross income as of the end of the taxable year.

Nevertheless, any excess of the MCIT over the normal corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Further, subject to the approval of the Secretary of Finance and certain conditions, the MCIT may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, *force majeure* or legitimate business reverses.

## TAX ON DIVIDENDS

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to a final withholding tax at the rate of 10%. Cash and property dividends received from a domestic corporation by domestic corporations or resident foreign corporations are not subject to tax.

Cash and property dividends received from a domestic corporation by non-resident aliens engaged in trade or business in the Philippines are subject to a 20% final withholding tax on the gross amount thereof.

Cash and property dividends received from a domestic corporation by non-resident aliens not engaged in trade or business in the Philippines and non-resident foreign corporations are subject to a final withholding tax at 25% of the gross amount but may be subject to the applicable preferential tax rates ("**Treaty Rates**") under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals.

Depending on whether the Treaty Rates or the regular tax rates have been applied at the onset of the transaction, either the domestic corporation, acting as withholding agent, shall file a request for confirmation ("**RFC**") (in case the Treaty Rates were applied), or the income recipient shall file a tax treaty relief application with a request for refund ("**TTRA**") (in case the regular tax rates were applied) with the appropriate office of the Philippine tax authorities.

Cash and property dividends received from a domestic corporation by a non-resident foreign corporation are generally subject to a final withholding tax at the rate of 25%, which may be reduced to 15% (under the tax sparing rules) when the country in which the non-resident foreign corporation is domiciled (i) imposes no taxes on foreign–sourced dividends or (ii) allows a 10% or greater credit against the tax due from the non-resident foreign corporation taxes deemed to have been paid in the Philippines. A non-resident foreign corporation availing of the tax sparing rate is required to file an application with the BIR for a confirmatory ruling on its entitlement to the tax sparing rate within ninety (90) days from the payment of the dividend.

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

| Some Countries with which the Philippines has Tax Treaties | | | |
|---|---|---|---|
| | **Dividends (%)** | **Stock transaction tax on sale or disposition effected through the PSE (%)[2]** | **Capital Gains tax due on disposition of shares outside the PSE (%)** |
| Austria | 25[3] | 0.6 | May be exempt[4] |
| Canada | 25[5] | 0.6 | May be exempt[12] |
| China | 15[6] | Exempt[7] | May be exempt[12] |
| France | 15[8] | Exempt[9] | May be exempt[12] |
| Germany | 15[10] | Exempt[11] | May be exempt[12] |
| Japan | 15[12] | 0.6 | May be exempt[12] |
| Singapore | 25[13] | 0.6 | May be exempt[12] |
| United Kingdom | 25[14] | [15] | Exempt[(15)] |
| USA | 25[16] | 0.6 | May be exempt[12] |

Stock dividends distributed pro-rata to any holder of shares of stock are not subject to Philippine income tax, if the proportional interest of the shareholders after such distribution is essentially the same as was prior to the distribution. A stock dividend constitutes income if it gives the shareholder an interest different from that which his former stockholdings represented. A stock dividend does not constitute income if the new shares confer no different rights or interest than did the old shares.

Philippine tax authorities have prescribed certain procedures, through an administrative issuance, for availment of Tax Treaty Rates tax treaty relief. The recipient must first submit to the dividend payor an application for tax relief (BIR Form No. 0901), a Tax Residency Certificate (**"TRC"**) duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty. The dividend payor may rely on the documents submitted by the dividend recipient and apply the treaty rate on dividends. and file a RFC with the BIR- International Tax Affairs Division ("**ITAD**") to confirm the propriety of withholding at the preferential tax treaty rate. If the dividend payor did not apply the treaty rate and withheld taxes at the regular rate, the dividend recipient may file a TTRA with the BIR-ITAD. If the BIR-ITAD determines that the requirements for availment of the preferential tax treaty rate were complied with, the BIR-ITAD will approve the RFC or TTRA and issue a Certificate of Entitlement ("**COE**").

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[2] Exempt if the stock transaction tax is expressly covered by the applicable tax treaty or is deemed by the relevant authorities as an identical or substantially similar tax to the Philippine income tax. In BIR ruling no. ITAD 22-07 dated February 9, 2007, the BIR held that the stock transaction tax cannot be considered as an identical or substantially similar tax on income, and, consequently, ruled that a Singapore resident is not exempt from the stock transaction tax on the sale of its shares in a Philippine corporation through PSE.

[3] 10.00% if the recipient company holds directly at least 10.00% of the voting power of the company paying the dividends.

[4] Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.

[5] 15.00% if recipient company controls at least 10.00% of the voting power of the company paying the dividends.

[6] 10.00% if the recipient company holds directly at least 10.00% of the capital of the company paying the dividends

[7] Exempt under Article 2(b) of the RP-China Tax Treaty

[8] 15.00% if the recipient company holds directly at least 15.00% of the voting shares of the company paying the dividends

[9] Exempt under Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995.

[10] 15.00% if the recipient company holds directly at least 15.00% of the voting shares of the company paying the dividends

[11] 1. Exempt under Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013

[12] 5% if the recipient company (excluding a partnership) which is the beneficial owner of the dividends holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) which is the beneficial owner of the dividends holds directly at least 25% of the capital of the company paying the dividends; 15% in all other cases.

[13] 10.00% if the recipient company owns directly at least 10.00% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six (6) months immediately preceding the date of payment of the dividends

[14] 15.00% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15.00% of the outstanding shares of the voting stock of the paying company were owned by the recipient company.

[15] Under the RP-UK Tax Treaty, capital gains on the sale of the stock of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

[16] 15.00% if the recipient company is a company which controls directly or indirectly at least 10.00% if the voting power of the company paying the dividends

If the Company applies the preferential treaty rate and files an RFC and the BIR eventually determines that the treaty rate is not the applicable rate, the BIR will issue a ruling denying the RFC, and the Company shall be exposed to deficiency tax plus penalties. On the other hand, if the Company applies the regular tax rates, and the income recipient files a TTRA and the BIR eventually determines that the treaty rate is the applicable rate, the BIR will issue a certificate confirming the entitlement to treaty benefits, and the income recipient may apply for a refund of excess withholding tax withholding tax within the two-year period provided in Section 229 of the Tax Code. The claim for refund of the shareholder may also be filed simultaneously with the TTRA. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

In either case, documentary requirements must be submitted to support the tax treaty relief, such as the proof of residence and, if applicable, individual or corporate status. Proof of residence for an individual consists of certification from his embassy, consulate, or other equivalent certifications issued by the proper government authority, or any other official document proving residence.

Taxpayers who were already issued COEs, the tenor of which allows the ruling to be applied to subsequent or future income payments, are no longer required to file a RFC, TTRA, or tax sparing application every time an income of similar nature is paid to the same nonresident as long as the conditions for the continued enjoyment of treaty benefits or tax sparing rule are present. If the COE mentions tax residency as requisite, the Company need only require the nonresident to submit a TRC for such relevant year before making any payment. There is no need to file a new RFC, TTRA, or tax sparing application unless any of the requisites mentioned in the COE is absent.

The Supreme Court clarified in the case of *Deutsche Bank AG Manila Branch v. Commissioner of Internal Revenue* (G.R. No. 188550, promulgated on August 19, 2013) that as the Philippines is bound to honor its treaty obligations, a prior application for a tax treaty relief within the period provided in the BIR's regulation cannot negate any entitlement to the relief. According to the Supreme Court, such tax treaty application or ruling "should merely operate to confirm the entitlement of the taxpayer to the relief." Thus, failure to file a tax treaty relief application (TTRA) prior to the occurrence of the transaction will not disqualify a person from availing of the relief under the tax treaty.

On March 31, 2021, the BIR issued Revenue Memorandum Order No. ("**RMO**") 14-2021 which repealed the provisions of Revenue Memorandum Order No. 8-2017 (Procedure for Claiming Tax Treaty Benefits for Dividend, Interest and Royalty Income of Nonresident Income Earners, dated 24 October 2016) insofar as the submission of a Certificate of Residence for Treaty Relief ("**CORTT"**) in order to avail of preferential treaty rates. Such submission of a CORTT shall be discontinued, provided that previously submitted CORTT Forms prior to effectivity of Revenue Memorandum Order No. 14-2021 shall still be forwarded to the relevant Revenue District Offices for compliance checks. The said RMO streamlined the process in securing tax treaty relief. A withholding agent or income payor may decide whether to apply the preferential tax treaty rates based on the prescribed documents submitted by a non-resident taxpayer prior to payment of income for the first time. Should the withholding agent or income payor decide to apply the preferential tax treaty rate, the said withholding agent or income payor is required to file with the BIR-ITAD at any time after the payment of the withholding tax, but in no case later than the last day of the fourth month following the close of the relevant taxable year, an RFC on the propriety of the withholding tax rates applied. Should the withholding agent or income payor decide not to apply the preferential tax treaty rate, the nonresident taxpayer may at any time after receipt of income file a tax treaty relief application (with a request for refund) with the BIR- ITAD.

**SALE, EXCHANGE OR DISPOSITION OF SHARES**

**Capital Gains Tax, if sale was made outside the PSE**

Unless an applicable treaty exempts such gains from tax or provides for preferential rates, the net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, or a domestic corporation (other than a dealer in securities) during each taxable year from the sale, exchange or disposition of shares of stock (*i.e.* secondary sale of common shares by the holder to another party) outside the facilities of the PSE are subject to capital gains tax at the rate of 15% of the net capital gains realized during the taxable year. Capital gains tax will also apply if the publicly listed company that issued the shares sold does not comply the MPO requirement.

If an applicable tax treaty exempts the net gains from such sale from capital gains tax, an application for tax treaty relief must be properly filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (Please see discussion above on tax treaties.)

The transfer of shares shall not be recorded in the books of a company, unless the BIR issues a Certificate Authorizing Registration (**"CAR"**) which certifies that all applicable taxes relating to the sale or transfer have been paid, or where applicable, a tax treaty relief has been confirmed by the BIR-ITAD or other conditions have been met.

**Taxes on Transfer of Shares Listed and Traded at the PSE**

Unless an applicable treaty exempts the sale from income and/or percentage tax, a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities), is subject to a stock transaction tax at the rate of 6/10 of 1% of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed. This tax is required to be collected by and paid to the BIR by the selling stockbroker on behalf of his client. The CMEPA reduced the stock transaction tax on the sale or exchange of listed shares of domestic corporations from 6/10 of 1% to 1/10 of 1% of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed. The CMEPA took effect on July 1, 2025 and as of date, the BIR has issued several revenue regulations implementing the amendments introduced by the CMEPA to the Tax Code. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax discussed herein may not be applicable to stock transaction tax.

In addition, VAT of 12% is imposed on the commission earned by the PSE-registered broker from services provided in connection with the sale, barter, exchange or disposition of shares through the PSE. The VAT is generally passed on to the client, the seller or transferor.

Prospective purchasers of the Common Shares should obtain their own tax advice in respect of their investment in relation to these developments.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six months, on shares of a listed company who has not complied with the MPO which requires listed companies to maintain a minimum percentage of listed securities held by the public at 10% of the listed companies issued and outstanding shares at all times. In accordance with Philippine SEC Memorandum Circular No. 13, Series of 2017 (the "**SEC 2017 Circular**") which took effect on December 5, 2017, the MPO requirement on companies that undertake initial public offerings was increased from 10.0% to 20%. Under the SEC 2017 Circular, existing publicly listed companies as of December 2017 remain to be subject to the 10% MPO. The PSE rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10% or 20%, as applicable, of the listed companies' issued and outstanding shares, exclusive of any treasury shares. The sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e., capital gains tax, documentary stamp tax, and possibly donor's tax if the fair market value of the shares of stock sold is greater than the consideration or the selling price, as the amount exceeding the selling price shall be deemed a gift subject to donor's tax under Section 100 of the Tax Code.) Companies which do not comply with the MPO after the lapse of the trading suspension shall be automatically delisted.

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations No. 16-2012 ("**R.R. No. 16-12**") provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and DST. R.R. No. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

**Documentary Stamp Tax**

The original issue of shares of stock is subject to documentary stamp tax ("**DST**") of Two Pesos (Php2.00) for each Two Hundred Pesos (Php200.00), or a fractional part thereof, of the par value of the shares of stock issued. However, under the CMEPA, for transactions beginning on July 1, 2025, the DST on original issuance shall be 75% of 1% of the par value of the shares of stock issued. The DST on the issuance of the Common Shares shall be paid by the Company.

The secondary transfer of shares of stock outside the facilities of the PSE (or if the publicly listed company that issued the shares sold does not comply the MPO requirement) is subject to a DST of One Peso and Fifty Centavos (₱1.50) for each Two Hundred Pesos (Php200.00), or a fractional part thereof, of the par value of the share of stock transferred. The DST is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable by either or both the vendor or the purchaser of the shares. However, the sale, barter or exchange of shares of stock listed and traded at the PSE (provided that publicly listed company that issued the shares sold complies with the MPO requirement) is exempt from DST. As mentioned previously, the transfer of shares shall not be recorded in the books of a company, unless the BIR issues a CAR.

In addition, the borrowing and lending of securities executed under the securities borrowing and lending program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority, are likewise exempt from DST. However, the securities borrowing and lending agreement should be duly covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority, and should be duly registered and approved by the BIR.

**Estate and Donor's Tax**

Shares issued by a corporation organized under Philippine laws are deemed to have a Philippine *situs*, and any transfer thereof by way succession or donation, even if made by a non-resident decedent or donor outside the Philippines, is subject to Philippine estate and donor's tax, respectively.

The transfer of shares of stock upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien, regardless of residence, is subject to Philippine estate taxes at the rate of 6% of the net value of the estate at the time of death. On the other hand, individual stockholders, whether or not citizens or residents of the Philippines, who transfer shares of stock by way of gift or donation are liable to pay Philippine donor's tax on such transfer of shares a rate of 6% of the value of the gifts during the calendar year exceeding Two Hundred Fifty Thousand Pesos (Php250,000.00).

The sale, exchange, or transfer of shares outside the facilities of the PSE may also be subject to donor's tax when the fair market value of the shares of stock sold is greater than the amount of money received by the seller as this may qualify as a *transfer for less than adequate and full consideration* under the Tax Code. In this case, the excess of the fair market value of the shares of stock sold over the amount of money received as consideration may be deemed a gift subject to donor's tax. However, there is no *transfer for less than adequate and full consideration* if the transfer (by way of sale, exchange or otherwise) is made in the ordinary course of business, or one that is *bona fide,* at arm's length, and free from any donative intent. In this case, the transfer will be considered as made for an adequate and full consideration in money or money's worth, which is exempt from donor's tax.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the decedent or donor. Estate and donor's tax, however, shall not be collected in respect of intangible personal property, such as shares of stock: (a) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

**Taxation outside the Philippines**

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by way of donation (gift) or succession is subject to Philippine donor's or estate taxes, respectively as stated above, unless an exemption from tax in the Philippines is provided under the law or a tax treaty.

The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations on non-resident holders of shares of stock under laws other than those of the Philippines.

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# INTEREST OF EXPERTS AND INDEPENDENT COUNSEL

The financial statements of the Company were audited by MOORE Roxas Tabamo & Co. Said external auditors have no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

The validity of the Offer Shares and other matters concerning the Offer were passed upon for the Company by Cayetano Sebastian Ata Dado & Cruz, independent legal and tax counsel of the Company, that all necessary and applicable licenses and permits of the Company are valid and existing. The independent legal counsel and tax counsel have no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company in accordance with the standards on independence required in the Code of Professional Responsibility and as prescribed by the Supreme Court of the Philippines.

The named external auditors and the independent and legal and tax counsels have not acted and will not act as promoter, underwriter, voting trustee, officer or employee of the Company.

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# PHILIPPINE FOREIGN EXCHANGE AND FOREIGN OWNERSHIP CONTROLS

**Foreign Investment**

Foreign investors are permitted to invest in the securities of a Philippine corporation unless otherwise limited by restrictions on foreign ownership imposed under the Constitution and Philippine statutes, as provided in the Foreign Investment Negative List.

**Registration of Foreign Investment and Exchange Controls**

Under current BSP regulations, a foreign investment in listed Philippine securities (such as the Company's Common Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits, and earnings that accrue thereon will be sourced from the Philippine banking system (*i.e.*, from authorized agent banks ("AABs") and AAB-forex corps). AABs refer to all categories of banks (except offshore banking units) duly licensed by the BSP, while AAB forex corps refer to AAB subsidiary or affiliate forex corporations whose business include buying and selling of foreign exchange.

The application for registration of Philippine equity securities listed in the PSE (such as the Offer Shares) may be done with an AAB with authority to operate a foreign currency deposit unit that has been designated by the non-resident investor to register his investments. Applications for registration of such securities are accompanied by: (i) Authority to Disclose Information in BSP-prescribed format covering all investments to be registered with the registering AAB, (ii) purchase invoice or subscription agreement, or equivalent document, and (iii) Certificate of Inward Remittance (CIR) of foreign exchange or equivalent document. Proof of registration of the investment in such securities comes in the form of a *Bangko Sentral* Registration Document ("**BSRD**") to be issued by the registering AAB.

Upon registration of the investment, proceeds of divestments or dividends of registered investments are repatriable or remittable immediately in full through the Philippine commercial banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance is allowed at the exchange rate applicable on the date of actual remittance. Whenever the repatriation or remittance shall be effected through an AAB other than the registering AAB, or the transaction was made through a stock broker other than the registering AAB, the registering bank/broker, upon request by the remitting bank or selling broker, shall issue a BSRD Letter Advice ("**BSRDLA**") authorizing the latter to use (in full or partially) the remaining shares covered by the BSRD. The BSRDLA is issued if there is an intended outward remittance or repatriation and has an expiry date (but may applied for renewal or extension).

An AAB or AAB forex corporation may sell foreign exchange to the non-resident investor or his resident agent or authorized representative for purposes of capital repatriation of registered investments in equity securities listed in the PSE, provided the following documents are submitted: (i) duly accomplished Application To Purchase Foreign Exchange, (ii) original BSRD or BSRDLA from the registering bank, and (iii) supporting document/s (e.g., broker's invoice, proof of sale, or redemption) showing settlement amount/amount to be repatriated, number of shares/amount invested, investment identity and settlement date (as applicable). On the other hand, if the sale of foreign exchange is for the purpose of remitting the related earnings on such registered investments, the following documents are required to be submitted: (i) duly accomplished Application To Purchase Foreign Exchange, (ii) original BSRD or BSRDLA from the registering bank, and (iii) supporting document/s showing amount to be remitted (e.g., PSE Notice or Corporate Disclosure announcing the issuance of cash dividend, secretary's sworn statement on the Board Resolution covering dividend declaration or sworn certification by the authorized officer/representative of the investee firm attesting to the share of the holder in dividends/profits/ earnings); and (iii) original computation of the peso amount to be converted to foreign exchange using the prescribed format. Foreign exchange sold by AABs or AAB forex corporations for repatriation of capital and remittance of related earnings is, as a general rule, directly remitted to the account (whether onshore or offshore) of the non-resident investor or intended beneficiary on the date of the FX sale.

The foregoing is subject to the power of the Monetary Board of the BSP, with the approval of the President of the Philippines, to restrict the availability of foreign exchange during an exchange crisis, when an exchange crisis is imminent or in times of national emergency. Furthermore, there can be no assurance that BSP foreign exchange regulations will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.

**Restriction on Foreign Ownership**

The Offer Shares may be purchased and owned by any person or entity regardless of citizenship, subject to applicable nationality limits under Philippine law.

Among the principal restricted business activities is the ownership of private land where the Constitution, in relation to Commonwealth Act ("CA") No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

The Company does not own land; thus, it is currently not subject to any foreign ownership limits.

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# PLAN OF DISTRIBUTION

At least [700,000,000] Offer Shares (or 70% of the Firm Shares) shall be offered by the Company to QIBs and other investors in the Philippines through the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. Up to [200,000,000] Offer Shares or 20% of the Firm Shares) are being offered to all PSE Trading Participants and up to [100,000,000] Firm Shares (or 10% of the Firm Shares) are being offered to LSIs in the Philippines.

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed among the Company, the Selling Shareholder and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners will underwrite, on a firm commitment basis, the Firm Shares, subject to any reallocation, clawback, clawforward or any other such mechanisms as described below, and pursuant to the terms of the Underwriting Agreement by and between the Company and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners.

**The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners**

To facilitate the Offer, the Company and the Selling Shareholder has appointed Investment & Capital Corporation ("**ICCP**") of the Philippines and PNB Capital and Investment Corporation ("**PNB Capital**") as the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, to engage in underwriting and distribution of the Offer Shares. The Company and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners shall enter into an Underwriting Agreement dated on or about [●] (the "**Underwriting Agreement**"), whereby the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners agrees to underwrite the Firm Offer on a firm commitment basis.

The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners is authorized to organize a syndicate of underwriters, soliciting dealers and/or Selling Agents for the purpose of the Offer. In connection with the foregoing, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may enter into agreements, participation agreements, or like agreements with other co-lead managers and managers and/or Selling Agents, as necessary. There is nothing in such agreements that allow the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners to return to the Company any unsold Institutional Offer Shares and Trading Participants and Retail Offer Shares.

**Investment & Capital Corporation of the Philippines**

ICCP is a leading independent investment house duly licensed and operating in the Philippines. ICCP was established in 1988. Its major shareholders include DBS Bank of Singapore, and a group of prominent Filipino business leaders in the Philippines led by Mr. Guillermo D. Luchangco, ICCP's founder.

ICCP offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers & acquisitions. ICCP obtained its license from the SEC to operate as an investment house in the Philippines and is licensed to engage in underwriting and distribution of securities to the public.

**PNB Capital and Investment Corporation**

PNB Capital, a wholly-owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers and acquisitions. PNB Capital was incorporated on July 30, 1997 with SEC Certificate of Registration No: A199708720 and subsequently commenced operations on October 8, 1997. PNB Capital holds a license as an investment house and underwriter of securities. PNB Capital's license (C.R. No. 01-2008-00234) is renewed every November of each calendar year and was renewed last on November 18, 2025. PNB Capital's scope of corporate business includes but is not limited to: 1) Buy and sell for its own account, and/or to arrange to distribute on either a guaranteed/firm commitment basis or on a best-efforts basis securities of other corporations and of the Republic of the Philippines 2) Arrange, participate, and/or distribute in syndicate undertakings on either a guaranteed/firm commitment basis or on a best-efforts

basis securities of other corporations and of the Republic of the Philippines and its instrumentalities, 3) Act as Financial Advisor/Consultant, and 4) Such other activities or business ventures directly or indirectly related to the dealing of securities. As of December 31, 2025, it had an authorized capital of Php2.0 billion and paid-up capital of Php1.5 billion. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. As of December 31, 2025, total assets of PNB Capital were at Php2.04 billion while total capital was at Php1.97 billion.

ICCP and PNB Capital are currently engaged by the Company as the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners. The Company may from time to time in the future engage the services of ICCP and PNB Capital again. However, all services provided by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and including the Offer, have been provided as an independent contractor and not as a fiduciary to the Company. ICCP and PNB Capital do not have any right to designate or nominate a member of the Board. ICCP and PNB Capital have no direct relationship with the Company in terms of share ownership and, other than as Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners for the Offer, does not have any material relationship with the Company.

There is no arrangement for the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners to return any of the Offer Shares relating to the Trading Participants Offer or the Institutional Offer to the Company or the Selling Shareholder. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners shall receive from the Company and the Selling Shareholder a fee equivalent of up to [1.75]% of the gross proceeds of the Offer, inclusive of the amounts to be paid to the PSE Trading Participants, and other institutions as Selling Agents, where applicable. The underwriting fees shall be withheld by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners from the proceeds of the Offer.

**The Institutional Offer**

At least 70% of the Firm Shares, or [700,000,000] Offer Shares, will be offered for subscription or purchase to certain QBs and other investors in the Philippines by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners.

The allocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer is subject to further adjustment as may be agreed upon between the Company and the Joint Lead Underwriters. In the event of an under-application in the Institutional Offer and a corresponding overapplication in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. In the event of an under-application in the Trading
Participants and Retail Offer, the Offer Shares in the Trading Participants and LSIs may be re-allocated to
the Institutional Offer. The re-allocation shall not apply in the event of an over-application or underapplication in both the Institutional Offer and the Trading Participants and Retail Offer.

**The Trading Participants and Retail Offer Shares**

**Trading Participants Offer**

Pursuant to the rules of the PSE, the Company will make available up to [200,000,000] Firm Shares (or 20% of the Firm Shares) for distribution to all PSE Trading Participants. The total number of Offer Shares allocated to the PSE Trading Participants will be distributed following the procedures indicated in the TP Guidelines to be posted in the PSE EDGE website after the approval by the PSE. Each PSE Trading Participant will be allocated a total of [●] Offer Shares (computed by dividing the Trading Participants Offer Shares among the [●] PSE Trading Participants) and subject to reallocation as may be determined by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners.

On or before 11:00 a.m of [December 3, 2026] the PSE Trading Participants shall submit to the Receiving Agent their respective firm undertakings to purchase Offer Shares. On or before 12:00 noon of [December 8, 2026], the PSE Trading Participants shall submit their applications to purchase the Offer Shares evidenced by a duly accomplished and completed application form, together with the applicable supporting documents and payment.

PSE Trading Participants who take up the Trading Participants Offer Shares shall be entitled to a selling fee of 1.00%, inclusive of VAT, of the Trading Participants Offer Shares taken up and purchased by the relevant PSE Trading Participant. The selling fee, less a withholding tax which may be 10% or 15% depending on the gross income of the PSE Trading Participant for the current year, will be paid by the Receiving Agent to the PSE Trading Participants within fifteen (15) Business Days after the Listing Date.

All Offer Shares not taken up by the QIBs, the PSE Trading Participants, the general public and the Lead Underwriter's clients shall be purchased by the Joint Lead Underwriters on a firm commitment basis pursuant to the terms and conditions of the Underwriting Agreement. Nothing herein or in the Underwriting Agreement shall limit the rights of the Joint Lead Underwriters from purchasing the Offer Shares for their own account.

**LSI Subscriptions through PSE EASY**

A total of [100,000,000] Firm Shares (or 10% of the Offer Shares), shall be made available nationwide to LSIs through the PSE Electronic Allocation System or "PSE EASy." An LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed Php 100,000.00. In the case of this Offer, the minimum subscription of LSIs shall be [15,000] shares or Php[10,050.00], while the maximum subscription shall be [149,000] shares or Php[99,829.82]. There will be no discount on the Offer Price.

The procedure in subscribing to Offer Shares via PSE EASy shall be described in our Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners shall prioritize subscriptions of small investors with amounts lower than the maximum subscription.

All Firm Shares not taken up by the QIBs, the PSE Trading Participants, the LSIs, the general public and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners's clients shall be purchased by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners on a firm commitment basis pursuant to the terms and conditions of the Underwriting Agreement. Nothing herein or in the Underwriting Agreement shall limit the rights of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners from purchasing the Offer Shares for their own account.

**Lock-up**

The PSE Consolidated Listing and Disclosure Rules (the "**PSE Listing Rules**") require an applicant company for the SME Board to cause the Company's existing non-public stockholders and their related parties to refrain from selling, assigning, encumbering or in any manner disposing of their shares for a period of one (1) year after the listing of such shares.

For purposes of this section, "non-public stockholders" shall mean the Company's: (i) principal stockholders (*i.e.*, the owner of 10% or more of the issued and outstanding shares); (ii) subsidiaries or affiliates; (iii) directors; (iv) principal officers; and (v) any other person who has substantial influence on how the Company is being managed. On the other hand, the term "related parties" shall mean the non-public stockholder's: (i) principal stockholders (*i.e.*, the owner of 10% or more of the issued and outstanding shares); (ii) subsidiaries or affiliates; (iii) directors; (iv) principal officers; and (v) members of the immediate families sharing the same household of any of its principal stockholders, directors, or principal officers.

In accordance with the foregoing, the Common Shares held by the following shareholders will be subject to the one (1) year lock-up requirement:

| SHAREHOLDER | NO. OF COMMON SHARES HELD SUBJECT OF THE 1-YEAR LOCK UP PERIOD |
|---|---|
| E.B. Aznar Shipping Corp. | 900,270,000 |
| Tabuelan Sea Transport Inc. | 677,882,730 |
| Aznar Strategic Holdings, Inc. | 255,000,000 |
| Zoraida C. Aznar | 120,723,660 |
| Ma. Theresa S. Aznar | 120,723,660 |
| Jocelyn Cecilia A. Beane | 120,723,660 |
| Hydie M. Vargas | 85,000,000 |
| Kyle Alexander C. Aznar | 75,360,340 |
| Katrina Elizabeth C. Aznar | 60,361,840 |
| Raul Justino M. Cabatingan | 20,001,500 |
| Virgilio Brigido G. Espeleta | 20,001,500 |
| Segismundo F. Exaltacion, Jr. | 20,001,500 |
| Ferdinand C. Vargas | 20,001,500 |
| Euney Marie J. Mata-Perez | 1,500 |
| Felix Taguiam | 1,500 |
| **TOTAL** | **2,496,054,890*** |

**This is assuming that the Over-allotment Option is fully exercised. If the Over-allotment Option is not exercised, the number of shares subject to the lock-up is [2,596,054,890] Common Shares.*

If there is any issuance or transfer of shares (i.e. private placement, asset for share swap or a similar transaction) or of instruments which leads to an issuance or transfer of shares (i.e. convertible bonds, warrants, or similar instrument) done and fully paid for within 180 days prior to the start of the offering period, or, prior to the listing date in the case of applicant companies by way of introduction, and the transaction price is lower than that of the offer price in the initial public offering or than that of the listing price in the case of applicant companies listing by way of introduction, all shares availed of shall be subject to a lock-up period of at least 365 days from the listing of the aforesaid shares.

The following are covered by the 365-day lock-up requirement:

| SHAREHOLDER | NO. OF COMMON SHARES HELD SUBJECT OF THE 365-DAY LOCK UP PERIOD |
|---|---|
| E.B. Aznar Shipping Corp. | 900,270,000 |
| Tabuelan Sea Transport Inc. | 677,882,730 |
| Aznar Strategic Holdings, Inc. | 255,000,000 |
| Zoraida C. Aznar | 120,723,660 |
| Ma. Theresa S. Aznar | 120,723,660 |
| Jocelyn Cecilia A. Beane | 120,723,660 |
| Hydie M. Vargas | 85,000,000 |
| Kyle Alexander C. Aznar | 75,361,840 |
| Katrina Elizabeth C. Aznar | 60,361,840 |
| Raul Justino M. Cabatingan | 20,001,500 |
| Virgilio Brigido G. Espeleta | 20,001,500 |
| Segismundo F. Exaltacion, Jr. | 20,001,500 |
| Ferdinand C. Vargas | 20,001,500 |
| Euney Marie J. Mata-Perez | 1,500 |
| Felix Taguiam | 1,500 |
| **TOTAL** | **2,496,056,390*** |

**This is assuming that the Over-allotment Option is fully exercised. If the Over-allotment Option is not exercised, the number of shares subject to the lock-up is [2,596,053,390] Common Shares.*

To implement the lock-up requirement, the Company and the foregoing shareholders shall enter into an escrow agreement with the [●].

**Lodgement of Shares**

All of the Offer Shares shall be lodged with the PDTC and shall be issued to the PSE Trading Participants and LSIs in scripless form. Investors may maintain the Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Offer Shares from the PDTC's electronic system after the Listing Date.

**Selling Restrictions**

The distribution of this Prospectus or any offering material and the offer, sale or delivery of the Offer Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Prospectus or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Prospectus may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

No securities, except for a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the SEC on Form 12-1 and the registration statement has been declared effective by the SEC.

**The Over-Allotment Option and Stabilization Activities**

In connection with the Offer, and subject to the approval of the SEC, the Selling Shareholder has granted the Stabilizing Agent an Over-allotment Option, exercisable not later than the Listing Date, solely to cover overallotment and for purposes of price stabilization activities. In connection therewith and the stabilization activities set out below, the Selling Shareholder will enter into a Stabilization Agreement with [●] as the Stabilizing Agent. In a letter dated [●], the SEC allowed [PNB Securities, Inc.] to act as Stabilizing Agent in relation to the Offer and set out the guidelines for the stabilization activities.

In the event of full or partial exercise of the Over-allotment Option, the Selling Shareholder shall cause the delivery to the Stabilizing Agent of the Option Proceeds. Pursuant to the Stabilization Agreement, the Stabilizing Agent may use the Option Proceeds to effect prize stabilization transactions by purchasing Common Shares in the open market for a period not exceeding 30 calendar days from and including the Listing Date, with a view to supporting the market price of the Common Shares at a level higher than that which might otherwise prevail during such period . The Stabilizing Agent may conduct stabilization activities until the Option Proceeds are exhausted, subject to compliance with all applicable laws and regulations. The Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken, and if commenced, may be discontinued by the Stabilizing Agent prior to the end of the 30-day period, upon mutual agreement with the Company, on behalf of and after consulting the Selling Shareholder. There is also no assurance that the price of the Common Shares will not decline significantly prior to or after any such stabilizing activities end.

Initial stabilization activities shall be below the Offer Price. The price for the subsequent stabilization activities shall be as follows:

1. After the initial stabilization action, and if there has not been an independent trade in the market at a higher price than the initial stabilization trade, the subsequent trade shall be below the initial stabilizing price; and

2. After the initial stabilizing action, and if there has been an independent trade in the market at a higher price than the initial stabilization trade, the subsequent trade shall be at the lower of the stabilizing action price or the independent trade price.

For this purpose, independent trade shall mean any trade made by any person other than the Stabilizing Agent.

Such activities may stabilize, maintain or otherwise affect the market price of the Common Shares, which may have the effect of preventing a decline in the market price of the Common Shares and may also cause the price of the Common Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions.

At the end of the Price Stabilization Period, the following results may occur in respect of the stabilization activities that may be conducted by the Stabilizing Agent:

1. In the event that the Stabilizing Agent does not conduct price stabilization activities during the Price Stabilization Period, the Stabilizing Agent shall deliver to the Selling Shareholder the Option Proceeds;

2. In the event that the Stabilizing Agent exercises partial price stabilization activities during the Price Stabilization Period, the Stabilizing Agent shall (a) deliver to the Selling Shareholder the portion of the Option Proceeds, and (b) redeliver or procure the redelivery of, securities of an identical type, par value and description as the Stabilization Shares in such number as equal to the total number of Stabilization Shares purchased during the Price Stabilization Period; and

3. In the event that the Stabilizing Agent exercises full price stabilization activities conducted during the Price Stabilization Period, the Stabilizing Agent shall redeliver, or procure the redelivery of, securities of an identical type, par value and description as the Stabilization Shares, in such number as equal to the total number of Stabilization Shares.

# LEGAL AND OTHER MATTERS

Legal matters in connection with the Offer have been passed upon by Picazo Buyco Tan Fider Santos & Dee, the Legal Counsel to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and Martinez Vergara & Gonzalez Sociedad, Legal Counsel to the Issuer. The required expert opinions (on legality, on taxation and on permits and licenses) from independent counsel have been rendered by Cayetano Sebastion Ata Dado & Dela Cruz Law.

Except as disclosed in the immediately succeeding paragraph, each of the foregoing counsels have no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, in accordance with the standards of independence required in the Code of Professional Responsibility and as prescribed by the Supreme Court of the Philippines.

Each of the foregoing counsels, does not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in connection with the Offer Shares, and have not acted as promoter, underwriter, voting trustee or employee.

Each of the foregoing counsels, does not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in connection with the Offer Shares, and have not acted as promoter, underwriter, or voting trustee.

Copies of the following documents may be inspected during business hours at the Company's principal office:

- Articles of Incorporation and By-Laws of the Company, as amended;
- Financial Statements and Independent Auditors' Report as at and for the years ended December 31, 2023, 2024, 2025, and six (6) months ended June 30, 2026; and
- Report of Independent Auditors to Accompany Supplementary Information Required by the SEC Filed Separately from the Basic Financial Statements

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# INDEPENDENT AUDITORS

The financial statements of the Company were audited by MOORE Roxas Tabamo & Co., for the years December 31, 2025, 2024 and 2023 and for the six-month periods ended June 30, 2026 and 2025. Said external auditors have no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, in accordance with the professional standard on independence set by the Board of Accountancy and the Professional Regulation Commission.

**External Audit Fees And Services**

The following table sets out the approximate aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the Company's external auditors:

**Professional service fees rendered by the Company's external auditors**

| Professional service fees rendered by the Company's external auditors | | | | |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | June 30, 2026 |
| Audit Fee | - | 400,000 | 450,000 | 650,000 |
| Other Fees | - | - | - | 700,000 |
| TOTAL | - | 400,000 | 450,000 | 1,350,000 |

The Company did not change accountants and there has been no disagreement with previous and current accountants.

In relation to the audit of the Company's annual financial statements, the Company's Manual on Corporate Governance, which was approved by the Board of Directors on [●] provides that the audit committee shall, among other activities (i) ensure that the internal and external auditors act independently of each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; and (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors.

For the appointment of the external auditor, the Board of Directors approved the appointment of MOORE Roxas Tabamo & Co. The external auditor presents the results of the Audited Financial Statements to the Board for approval. For December 31, 2025, 2024 and 2023, the Audited Financial Statements were approved on June 30, 2026 and for the six-month period ended June 30, 2026, the Audited Financial Statements were approved on August 11, 2026.

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# INDEX TO FINANCIAL STATEMENTS


| | |
|---|---|
| Audited Financial Statements for fiscal years ended December 31, 2023, 2024, and 2025 and Audited Interim Financial Statements for the period ended June 30, 2026. | F-2 |


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# INDEPENDENT AUDITORS AND OTHER EXPERTS

**Independent auditors**

The audited financial statements of the Company as of at for the years ended December 31, 2025, 2024 and 2023 and for the six-month periods ended June 30, 2026 and 2025, have been audited by MOORE Roxas Tabamo & Co. independent auditors. The auditing firm was nominated and recommended to the stockholders for appointment as external auditor for the year 2025.

MOORE Roxas Tabamo & Co.
2nd Floor Multinational Bancorporation Centre
6805 Ayala Avenue, Makati City 1226, Philippines

**Independent market research consultant**

Center for Research and Communication Foundation, Inc.
APEC Communications Building, 6th Floor,
Pearl Dr, Ortigas Center, Pasig

**Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners**

Investment & Capital Corporation of the Philippines
17/F Robinsons Summit Center 6783
Ayala Avenue, Makati City

PNB Capital Investment Corporation
9/F PNB Financial Center
Pres. D. Macapagal Ave. Pasay City

**Legal counsel to the Issuer**

Martinez Vergara & Gonzalez Sociedad
33rd Floor Orient Square Building
F. Ortigas Jr. Road, Ortigas Center
Pasig City

**Legal Counsel to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners**

Picazo Buyco Tan Fider Santos & Dee
Liberty Center – Picazo Law,
104 H.V. Dela Costa Street, Salcedo Village,
Makati City 1227
Philippines

**Registrar, receiving and stock transfer agent**

Stock Transfer Service, Inc.
34th Floor, Rufino Plaza,
Ayala Avenue, Makati City

**Escrow Agent**

Philippine National Bank Acting through its Trust Banking Group
3/F PNB Financial Center
Pres. D. Macapagal Ave. Pasay City

**Independent Counsel**

Cayetano Sebastian Ata Dado & Cruz
12th Floor, NDC Building, 116 Tordesillas St.,
Salcedo Village, Makati City, Philippines

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

**The following document has been received:**

**Receiving:** ICTD ERMD
**Receipt Date and Time:** August 26, 2026 02:02:04 PM

## Company Information

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

## Document Information

**Document ID:** OST108262026811797258
**Document Type:** Financial Statement
**Document Code:** FS
**Period Covered:** December 31, 2025
**Submission Type:** Amendment
**Remarks:** None

Acceptance of this document is subject to review of forms and contents

# COVER SHEET

**for**

## AUDITED FINANCIAL STATEMENTS

**SEC Registration Number**

| C | S | 2 | 0 | 1 | 6 | 3 | 3 | 1 | 0 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|

**COMPANY NAME**

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 |
|---|---|---|
| AAFS | CRMD | N/A |

**COMPANY INFORMATION**

| 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)*

# INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

**DECEMBER 31, 2025, 2024 and 2023**

**Financial Statements**


Statement of Management's Responsibility for Financial Statements as at December 31, 2025, 2024 and 2023

Independent Auditor's Report dated June 30, 2026

Statements of Financial Position as at December 31, 2025 and 2024

Statements of Comprehensive Income for the years ended December 31, 2025, 2024 and 2023

Statements of Changes in Equity for the years ended December 31, 2025, 2024 and 2023

Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023

Notes to the Financial Statements as at and for the years ended December 31, 2025, 2024 and 2023


**Supplementary Schedules**


| | |
|---|---|
| Independent Auditor's Report on Supplementary Schedules dated June 30, 2026 | Applicable |
| Reconciliation of Retained Earnings Available for Dividend Declaration | Schedule I |
| Schedule Showing Financial Soundness Pursuant to Revised SRC Rule 68 | Schedule II |
| 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 | Schedule III |
| Supplementary Schedules Required under Annex 68-E | Schedule IV |
| Financial Assets | Schedule A |
| Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Shareholders (Other than Related Parties) | Schedule B |
| Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements | Schedule C |
| Intangible Assets – Other Assets | Schedule D |
| Long-term Debt | Schedule E |
| Indebtedness to Related Parties (Long-Term Loans from Related Companies) | Schedule F |
| Guarantees of Securities of Other Issuers | Schedule G |
| Capital Stock | Schedule H |
| Supplementary Schedule of External Auditor Fee-related Information | Schedule V |

# 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.

[redacted]

**Virgilio Espeleta**
Chairman of the Board

[redacted]

**Kyle Alexander Aznar**
President

[redacted]

**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 OF AUG 24 2026

[redacted]

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

Doc.No. 189
Page No. 39
Book No. 12
Series of 2026

MOORE Roxas Tabamo & Co.

Roxas Tabamo & Co.
2nd Floor Multinational Bancorporation Centre,
6805 Ayala Avenue, Makati City 1226 Philippines

T: +632 8844 2016
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.

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. Felismíno**
Partner
CPA Certificate No. 0111361
Tax Identification No. [redacted]
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.*

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

## 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,

Statement of Compliance
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).

Historical Cost Convention
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.

Functional and Presentation Currency
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.

Inventories

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.

Prepayments and other current assets

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.

Property and Equipment

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 | Outstanding Balance 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 | Outstanding Balance 2024 | Outstanding Balance 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*

| | Note | 2025 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.*

| | Note | December 31, 2024 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 |

MOORE Roxas Tabamo & Co.

Roxas Tabamo & Co.
2nd Floor Multinational Bancorporation Centre,
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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. [redacted]
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.**

[redacted]

**Christian Francis S. Felismino**
Partner
CPA Certificate No. 0111361
Tax Identification No. [redacted]
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)*

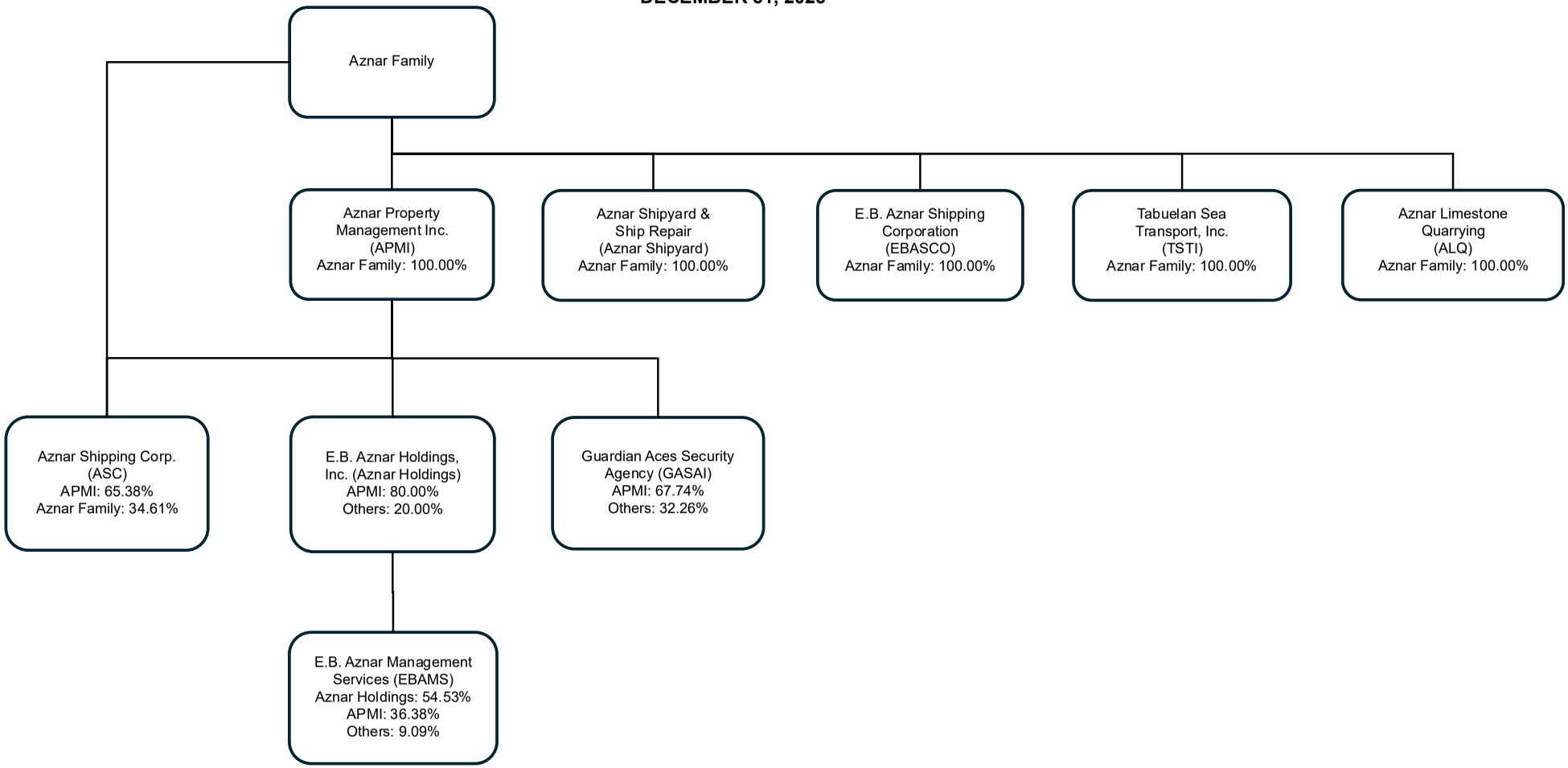
## SCHEDULE II
## SCHEDULE SHOWING FINANCIAL SOUNDNESS PURSUANT TO REVISED SRC RULE 68
**AS AT DECEMBER 31, 2025 AND 2024**

| Ratio | Formula | | As at **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.**
*(formerly known as Guardian Four Aces Shipping Corporation)*

## 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.**
*(formerly known as Guardian Four Aces Shipping Corporation)*

## 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.**
*(formerly known as Guardian Four Aces Shipping Corporation)*

## 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.**
*(formerly known as Guardian Four Aces Shipping Corporation)*

## 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.**
*(formerly known as Guardian Four Aces Shipping Corporation)*

## 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.**
*(formerly known as Guardian Four Aces Shipping Corporation)*

## 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.**
*(formerly known as Guardian Four Aces Shipping Corporation)*

## 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** | **₱-** | **₱-** |

**SECURITIES AND EXCHANGE COMMISSION**
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

**The following document has been received:**

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## Company Information

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

## Document Information

**Document ID:** OST108282026811800968
**Document Type:** Financial Statement
**Document Code:** FS
**Period Covered:** June 30, 2026
**Submission Type:** Annual
**Remarks:** None

Acceptance of this document is subject to review of forms and contents

# COVER SHEET

**for**

**AUDITED FINANCIAL STATEMENTS**

**SEC Registration Number**

| C | S | 2 | 0 | 1 | 6 | 3 | 3 | 1 | 0 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|

**COMPANY NAME**

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 |
|---|---|---|
| AAFS | CRMD | N/A |

**COMPANY INFORMATION**

| 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 | aznarshipping2026@gmail.com | N/A | 09176234012 |

**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)*

# INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
**JUNE 30, 2026 AND DECEMBER 31, 2025**

**Financial Statements**


Statement of Management's Responsibility for Financial Statements as at June 30, 2026 and December 31, 2025 and for the Six-Month Periods Ended June 30, 2026 and 2025

Independent Auditor's Report dated August 11, 2026

Statements of Financial Position as at June 30, 2026 and December 31, 2025

Statements of Comprehensive Income for the Six-Month Periods Ended June 30, 2026 and 2025

Statements of Changes in Equity for the Six-Month Periods Ended June 30, 2026 and 2025

Statements of Cash Flows for the Six-Month Periods Ended June 30, 2026 and 2025

Notes to the Financial Statements as at June 30, 2026 and December 31, 2025 and for the Six-Month Periods Ended June 30, 2026 and 2025


**Supplementary Schedules**


| | |
|---|---|
| Independent Auditor's Report on Supplementary Schedules dated August 11, 2026 | Applicable |
| Reconciliation of Retained Earnings Available for Dividend Declaration | Schedule I |
| Schedule Showing Financial Soundness Pursuant to Revised SRC Rule 68 | Schedule II |
| 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 | Schedule III |
| Supplementary Schedules Required under Annex 68-E | Schedule IV |
| Financial Assets | Schedule A |
| Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Shareholders (Other than Related Parties) | Schedule B |
| Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements | Schedule C |
| Intangible Assets – Other Assets | Schedule D |
| Long-term Debt | Schedule E |
| Indebtedness to Related Parties (Long-Term Loans from Related Companies) | Schedule F |
| Guarantees of Securities of Other Issuers | Schedule G |
| Capital Stock | Schedule H |
| Supplementary Schedule of External Auditor Fee-related Information | Schedule V |

# 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 Corporation** *(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 June 30, 2026 and December 31, 2025 and for the six-month periods ended June 30, 2026 and 2025, 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.

[redacted]

**Virgilio Espeleta**
Chairman of the Board

[redacted]

**Kyle Alexander Aznar**
President

[redacted]

**Dary Aran**
Chief Finance Officer

**SUBSCRIBED AND SWORN to before me,** a notary public in and for _____ this _____, affiant(s) exhibiting to me his/her/their competent evidence of identity, _____ bearing his/her/their photograph(s) and signature(s), and attested to the truth of foregoing statements.

AUG 11 2026

Signed this _____ day of _____.

Doc. No. 295;
Page No. 61;
Book No. 3;
Series of 2026.

[redacted]

ATTY. CARMEL GENEVIEVE S. MAGTIBAY
Notary Public for Cebu City
Notarial Commission No. 025-21
Valid until 31 December 2026
Roll of Attorney No. 76754
PTR No.1590510 / 01.05.2026 / Cebu Province
IBP No. 565230 / 12.12.2025 (for 2026) / Cebu Province Chapter
MCLE No. VIII-0033047 valid until 04.14.2028
Room 14, 3rd Floor Luna Building,
Gorordo Ave., Lahug, Cebu City 6000

MOORE Roxas Tabamo & Co.

Roxas Tabamo & Co.
2nd Floor Multinational Bancorporation Centre,
6805 Ayala Avenue, Makati City 1226 Philippines

T: +632 8844 2016
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 June 30, 2026 and December 31, 2025, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the six-month periods ended June 30, 2026 and 2025, 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 June 30, 2026 and December 31, 2025, and of its financial performance and its cash flows for the six-month periods ended June 30, 2026 and 2025, 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 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 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.

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.**



**Aljuver R. Gamao**
Partner
CPA Certificate No. 0126931
Tax Identification No. [redacted]
BIR Accreditation No. 08-001682-023-2025, issued on January 8, 2025,
effective until January 7, 2028
SEC Accreditation No. 126931-SEC, Group A, issued on November 8, 2022,
effective for the audit of 2022 to 2026 financial statements of SEC covered institutions
PTR No. 10795851, issued on January 28, 2026, Makati City

August 11, 2026
Makati City

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

## STATEMENTS OF FINANCIAL POSITION
**JUNE 30, 2026 AND DECEMBER 31, 2025**

| | Note | June 30, 2026 | December 31, 2025 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | 5 | **₱55,915,786** | ₱20,422,968 |
| Trade and other receivables, net | 6 | **23,991,127** | 23,073,381 |
| Inventories | 7 | **5,979,637** | 4,259,490 |
| Advances to related parties | 14 | **54,588,084** | 87,286,104 |
| Prepayments and other current assets | 8 | **6,168,876** | 4,018,779 |
| **Total Current Assets** | | **146,643,510** | 139,060,722 |
| **Noncurrent Assets** | | | |
| Property and equipment, net | 9 | **891,936,396** | 665,885,784 |
| Deferred drydocking, net | 10 | **37,554,456** | 15,658,848 |
| Intangible asset, net | 11 | **1,187,500** | 1,175,000 |
| Security deposit | 21 | **39,000** | 39,000 |
| **Total Noncurrent Assets** | | **930,717,352** | 682,758,632 |
| | | **₱1,077,360,862** | ₱821,819,354 |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts and other payables | 12 | **₱40,003,423** | ₱15,141,807 |
| Current portion of loans payable | 13 | **91,057,355** | 59,548,064 |
| Advances from related parties – current portion | 14 | **3,100,000** | 3,100,000 |
| Income tax payable | 19 | **11,326,457** | 15,556,867 |
| **Total Current Liabilities** | | **145,487,235** | 93,346,738 |
| **Noncurrent Liabilities** | | | |
| Noncurrent portion of loans payable | 13 | **390,827,737** | 473,417,080 |
| Advances from related parties, net of current portion | 14 | **64,963,793** | - |
| Retirement liability | 20 | **1,324,976** | 1,011,974 |
| Deposit for future stock subscription | 15 | **-** | 52,789,666 |
| Deferred tax liability, net | 19 | **23,029,222** | 23,919,381 |
| **Total Noncurrent Liabilities** | | **480,145,728** | 551,138,101 |
| **Total Liabilities** | | **625,632,963** | 644,484,839 |
| **Equity** | | | |
| Share capital | 15 | **26,000,400** | 26,000,400 |
| Deposit for future stock subscription | 15 | **220,604,939** | - |
| Common stock dividend distributable | 15 | **13,000,200** | - |
| Retained earnings | | **121,339,437** | 78,746,508 |
| Revaluation surplus | 9 | **70,782,923** | 72,587,607 |
| **Total Equity** | | **451,727,899** | 177,334,515 |
| | | **₱1,077,360,862** | ₱821,819,354 |

*See Notes to the Financial Statements.*

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

## STATEMENTS OF COMPREHENSIVE INCOME
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2026 AND 2025**

| | *Note* | **2026** | 2025 |
|---|---|---|---|
| **REVENUES** | *16* | **₱210,992,204** | ₱100,586,379 |
| **COST OF SERVICES** | *17* | **(113,756,734)** | (55,346,910) |
| **GROSS PROFIT** | | **97,235,470** | 45,239,469 |
| **OPERATING EXPENSES** | *18* | **(12,498,536)** | (5,879,634) |
| **INTEREST EXPENSE** | *13* | **(18,200,294)** | (11,631,923) |
| **INTEREST INCOME** | *5* | **76,948** | 36,418 |
| **OTHER INCOME** | | **36,267** | 27,595 |
| **INCOME BEFORE INCOME TAX** | | **66,649,855** | 27,791,925 |
| **INCOME TAX EXPENSE** | | | |
| Current | | **(13,751,569)** | (7,031,151) |
| Deferred | | **288,597** | 89,998 |
| | *19* | **(13,462,972)** | (6,941,153) |
| **NET INCOME** | | **53,186,883** | 20,850,772 |
| **OTHER COMPREHENSIVE INCOME** | | **-** | - |
| **TOTAL COMPREHENSIVE INCOME** | | **₱53,186,883** | ₱20,850,772 |
| **BASIC EARNINGS PER SHARE** | | | |
| Net income attributable to equity holders of the Company | | **₱53,186,883** | ₱20,850,772 |
| Weighted average number of outstanding common shares* | | **390,006,000** | 120,000,000 |
| | | **₱0.14** | ₱0.17 |

*See Notes to the Financial Statements.*
**The weighted average number of outstanding common shares for both June 30, 2026 and 2025 has been retrospectively adjusted to reflect the stock split approved by the SEC on March 2, 2026 and stock dividends declared on March 28, 2026, in accordance with PAS 33.*

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

## STATEMENTS OF CHANGES IN EQUITY
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2026 AND 2025**

| | Share Capital *(Note 15)* | Deposit for Future Stock Subscription *(Note 15)* | Common Stock Dividend Distributable *(Note 15)* | Retained Earnings | Revaluation Surplus *(Note 9)* | Total |
|---|---|---|---|---|---|---|
| Balances at January 1, 2026 | ₱26,000,400 | ₱- | ₱- | ₱78,746,508 | ₱72,587,607 | ₱177,334,515 |
| Stock dividends declared | - | - | 13,000,200 | (13,000,200) | - | - |
| Deposit for future stock subscription | - | 220,604,939 | - | - | - | 220,604,939 |
| Net income for the period | - | - | - | 53,186,883 | - | 53,186,883 |
| Revaluation surplus adjustment | - | - | - | 1,804,684 | (1,804,684) | - |
| Deferred tax on revaluation surplus adjustment | - | - | - | 601,562 | - | 601,562 |
| **Balances at June 30, 2026** | **₱26,000,400** | **₱220,604,939** | **₱13,000,200** | **₱121,339,437** | **₱70,782,923** | **₱451,727,899** |
| Balances at January 1, 2025 | ₱8,000,000 | ₱- | ₱- | ₱22,270,281 | ₱76,196,976 | ₱106,467,257 |
| Net income for the period | - | - | - | 20,850,772 | - | 20,850,772 |
| Revaluation surplus adjustment | - | - | - | 1,804,684 | (1,804,684) | - |
| Deferred tax on revaluation surplus adjustment | - | - | - | 601,562 | - | 601,562 |
| Balances at June 30, 2025 | ₱8,000,000 | ₱- | ₱- | ₱45,527,299 | ₱74,392,292 | ₱127,919,591 |

*See Notes to the Financial Statements.*

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

## STATEMENTS OF CASH FLOWS
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2026 AND 2025**

| | *Notes* | **2026** | 2025 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Income before income tax | | **₱66,649,855** | ₱27,791,925 |
| Adjustments for: | | | |
| Depreciation and amortization | *9,10,11* | **18,265,527** | 12,988,548 |
| Interest expense | *13* | **18,200,294** | 11,631,923 |
| Retirement expense | *20* | **313,002** | 313,002 |
| Provision for expected credit loss | *6* | **841,386** | 46,989 |
| Interest income | *5* | **(76,948)** | (36,418) |
| Operating income before working capital changes | | **104,193,116** | 52,735,969 |
| Decrease (increase) in: | | | |
| Trade and other receivables | | **(1,759,132)** | (18,204,762) |
| Inventories | | **(1,720,147)** | 419,356 |
| Prepayments and other current assets | | **(2,681,737)** | 1,949,818 |
| Increase (decrease) in accounts and other payables | | **24,075,090** | (19,850,768) |
| Cash generated from operations | | **122,107,190** | 17,049,613 |
| Interest received | | **76,948** | 36,418 |
| Income tax paid | *19* | **(17,981,979)** | (2,625,502) |
| Net cash provided by operating activities | | **104,202,159** | 14,460,529 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisitions of | | | |
| Property and equipment | *9* | **(14,187,281)** | (107,382) |
| Intangible asset | | **(775,000)** | - |
| Drydocking cost | *10* | **(27,694,533)** | - |
| Decrease (increase) in advances to related parties | | **12,898,020** | (35,280,428) |
| Net cash used in investing activities | | **(29,758,794)** | (35,387,810) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Availments of loans | | **20,197,899** | 42,164,400 |
| Increase in advances from related parties | | **64,963,793** | 19,501,888 |
| Payments of: | | | |
| IPO related fees | | **(6,060)** | - |
| Loans payable | *13* | **(99,146,352)** | (20,631,238) |
| Interest | | **(24,959,827)** | (11,800,151) |
| Net cash provided by (used in) financing activities | | **(38,950,547)** | 29,234,899 |
| **NET INCREASE IN CASH** | | **35,492,818** | 8,307,618 |
| **CASH AT BEGINNING** | | **20,422,968** | 20,846,756 |
| **CASH AT END** | *5* | **₱55,915,786** | ₱29,154,374 |

*Forward*

| | *Note* | **2026** | 2025 |
|---|---|---|---|
| **SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION** | | | |
| **Information on non-cash financing activity** | | | |
| Accrued interest expense | *13* | **₱1,486,526** | ₱1,109,541 |
| **Information on non-cash investing activities** | | | |
| Acquisition through financing arrangements | *9* | **₱27,868,401** | ₱146,478,982 |
| Acquisition of vehicles through advances to suppliers | *9* | **₱537,700** | ₱- |
| **Information on non-cash investing and financing activities** | *25* | | |
| Acquisition of vessels through asset-for-share transaction | *9* | **₱187,615,273** | ₱- |
| Settlement of advances to TSTI through asset-for-share transaction | *15* | **₱19,800,000** | ₱- |
| Share subscription consideration / deposit for future stock subscription | *15* | **₱67,815,273** | ₱- |

*See Notes to the Financial Statements.*

# AZNAR SHIPPING CORP.

*(formerly known as Guardian Four Aces Shipping Corporation)*

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2026 AND DECEMBER 31, 2025**

### 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.

The financial statements were approved and authorized for issuance in accordance with a resolution by the Board of Directors (BOD) on August 11, 2026.

### 2. Basis of Preparation

Statement of Compliance

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).

Historical Cost Convention

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.

Functional and Presentation Currency

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, 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.

  The amendments did not result in any restatement of the comparative information.

- 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.

Amended PFRS Issued but Not Yet Effective
Relevant new and amended PFRS which are not yet effective for the period ended June 30, 2026 and have not been applied in preparing the financial statements are summarized below.

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 measures 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.

  The Company is currently assessing the impact of PFRS 18 on the presentation of its primary financial statements and the related notes. The adoption of PFRS 18 is not expected to affect the recognition and measurement of the Company's assets, liabilities, income and expenses, but may affect the classification and presentation of certain income and expense items, required subtotals, and related disclosures.

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.

Inventories

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 the purchase price and other costs directly attributable to bring the inventory to their present location and condition and is determined using the weighted-average cost method. Net realizable value of inventories for usage is the estimated replacement cost. Fuel and vessel supplies are recognized as cost of services or operating expenses as they are consumed.

Prepayments and other current assets

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.

Property and Equipment

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 |

*Asset-for-Share Swap Transactions under Common Control*
For asset-for-share transactions under common control involving the contribution of identified assets that do not constitute a business, the Company develops and applies an accounting policy in accordance with the hierarchy prescribed under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, when no PFRS Accounting Standard specifically prescribes the initial measurement of the transaction.

In developing the accounting policy, the Company considers PFRS requirements dealing with similar and related issues, together with the recognition and measurement principles applicable to the acquired assets and the substance of the transaction.

The Company initially measures acquired assets at the negotiated transfer/acquisition amount, where such amount provides a relevant and reliable basis for reflecting the substance of the transaction. Independent valuations are considered as relevant valuation evidence and provide information regarding the PFRS 13 fair value of the assets. However, the negotiated transfer/acquisition amount is not necessarily equivalent to PFRS 13 fair value, particularly for transactions between related or common-control parties.

For the asset-for-share transaction in 2026, the vessels were recognized at the negotiated transfer/acquisition amount of ₱187.62 million, while the independently supported PFRS 13 fair value of ₱190.38 million was considered as valuation information.

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.

Leases
At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Company has the right to direct the use of the asset of either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

*The Company as a lessee*
*Short-term leases and leases of low-value assets.* The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

*The Company as a lessor*
Leases where the Company does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term.

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 Future Stock Subscription
Deposits for future stock subscription represent funds received from existing or potential shareholders to be applied as payment for future issuance of capital stock. Deposits for future 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.

*Common Stock Dividend Distributable*
Common stock dividends are recognized in equity when declared by the Board of Directors and, where applicable, approved by the stockholders. Upon declaration, the par value of the shares to be issued is recognized as Common Stock Dividend Distributable, with a corresponding reduction in retained earnings. Upon issuance of the shares, the balance of Common Stock Dividend Distributable is reclassified to Share Capital. Any amount in excess of par value is recognized in Additional Paid-in Capital.

Earnings Per Share

*Basic Earnings Per Share*
Basic earnings per share represent 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. The weighted average number of ordinary shares outstanding for all periods presented is adjusted retrospectively for the effects of stock splits and stock dividends.

Revenue Recognition
Revenue comprises revenue from rendering 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:

*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.

Revenue recognized over time:

*Revenue from passenger and cargo transport services.* Revenue from passenger and cargo transportation services is recognized over time as the Company performs the transportation service because the customer simultaneously receives and consumes the benefits of the Company's performance. The performance obligation is satisfied progressively from the specified origin to the contracted destination. Revenue is recognized based on progress toward satisfaction of the performance obligation, measured using elapsed voyage time, which reflects the continuous provision of the transportation service.

Revenue is measured based on the transaction price specified in the contract or ticket, net of discounts and other applicable deductions.

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 recognizes 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).

*Company as lessor.* The Company has entered into lease agreements as a lessor in relation to the vessels acquired through the asset-for-share swap transaction. Subsequently, the Company entered into separate charter agreements with the two entities that transferred the vessels to the Company.

Management has assessed the terms and conditions of the charter agreements and determined that the arrangements constitute operating leases under PFRS 16, *Leases*, as the Company retains substantially all the significant risks and rewards incidental to ownership of the vessels. This assessment requires judgment, particularly in evaluating the lease term and the allocation of risks and rewards associated with the vessels.

The charter agreements were executed subsequent to the reporting date and, accordingly, no lease income is recognized in the financial statements as of June 30, 2026.

*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 the Timing of Revenue Recognition for Passenger and Cargo Transport Services.* Management exercised judgment in determining the timing of revenue recognition for passenger and cargo transportation services under PFRS 15. Management evaluated the criteria in PFRS 15.35(a)–(c), including whether customers simultaneously receive and consume the benefits of the Company's performance as the Company performs.

Based on the nature of the transportation services and the contractual arrangements, Management concluded that customers receive and consume the benefits of the transportation service as it is performed throughout the voyage. Management therefore concluded that the performance obligation is satisfied over time under PFRS 15.35(a).

Revenue is recognized based on progress toward satisfaction of the performance obligation, measured using elapsed voyage time, which reflects the continuous provision of the transportation service. The Company generally completes its voyages within one to three hours.

The Company historically recorded transportation revenue upon completion of the voyage. The Company assessed the resulting timing differences arising from the historical recording convention against the applicable over-time recognition basis under PFRS 15.35(a) as of June 30, 2026, December 31, 2025, and June 30, 2025. Based on the cutoff testing and quantitative and qualitative materiality assessment performed, the resulting differences were determined to be immaterial. Accordingly, no adjustment to the June 30, 2026 financial statements or retrospective restatement of previously reported amounts was required.

*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.

*Assessment of the Common-Control Nature of the Asset-for-Share Transfer.* Management exercised judgment in assessing the nature and substance of the asset-for-share transaction with TSTI and EBASCO. Management considered the ownership relationships among the entities, the purpose of the transaction, the capitalization objectives, and the terms of the asset-for-share arrangements. Based on these considerations, Management concluded that TSTI and EBASCO participated in the transaction as entities under common control as part of the broader capitalization of the Company, rather than as independent counterparties in an ordinary commercial transaction.

*Determination of Whether the Asset-for-Share Swap Represents an Asset Acquisition or a Business Combination.* In 2026, the Company acquired vessels from related parties through asset-for-share swap transactions, whereby the Company obtained ownership of the vessels in exchange for shares to be issued by the Company. Management exercised significant judgment in determining whether the acquired set of assets and activities constituted a business under PFRS 3, *Business Combinations*.

In making this assessment, Management evaluated the nature and composition of the assets and activities acquired, including whether any substantive processes were transferred together with the vessels. Management considered the existence of employees, operating personnel, customer relationships, operating systems, permits, licenses, charter arrangements, contracts, and other processes or resources that could contribute significantly to the ability to create outputs. Based on the terms of the Deeds of Assignment and the related transaction documents, the Company acquired ownership of specific vessels from the assignors. No employees, operating personnel, customer relationships, operating systems, permits, licenses, charter contracts, or other substantive business processes were transferred to the Company as part of the asset-for-share swap transaction.

Management also considered the concentration test under PFRS 3. The assessment was performed based on the gross assets acquired, and Management determined that substantially all of the fair value of the gross assets acquired was concentrated in the vessels, which represent a group of similar identifiable assets. Accordingly, the concentration test was met and the acquired set was not considered a business for purposes of PFRS 3.

In addition, Management considered the fact that the operations of the transferors continued following the transfer of the vessels. The charter arrangements subsequently entered into between the Company and the respective transferors were separate arrangements from the asset-for-share swap transaction and did not form part of the assets or processes acquired by the Company. The continued operations of the transferors, including their operating activities and processes, therefore remained with the respective entities and were not transferred to the Company. This further supports Management's conclusion that the transaction involved the acquisition of specific assets rather than the acquisition of an integrated set of assets and activities constituting a business.

Based on the above assessment, Management concluded that the asset-for-share swap transactions represent an acquisition of assets rather than business combination. Accordingly, the business combination accounting requirements under PFRS 3 do not apply to the transaction.

*Determination of the Recognition Date of the Vessels*. Management exercised judgment in determining the date on which the Company obtained control and the rights associated with ownership of the vessels. Although the Deeds of Assignment were dated April 28, 2026, the required turnover, acceptance and transfer of relevant documents were completed on June 29, 2026. Based on the available evidence, the Company obtained the substantive ability to direct the use of the vessels and obtain the related economic benefits on June 29, 2026. Accordingly, June 29, 2026 was determined to be the appropriate recognition date for the vessels.

*Determination of the Initial Measurement Basis under PAS 8*. Management exercised significant judgment in determining the appropriate initial measurement basis for the vessels acquired through the asset-for-share transaction. The transaction represents an asset acquisition between entities under common control, and there is no specific PFRS Accounting Standard that directly prescribes the initial measurement of vessels contributed by an owner in exchange for the Company's own equity instruments.

Accordingly, Management developed and applied an accounting policy in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, by considering PFRS requirements dealing with similar and related issues, the recognition and measurement principles applicable to the acquired assets, and the substance of the transaction.

In applying the accounting policy, Management considered the independent valuation of the vessels, the contractual terms of the asset-for-share arrangement, and the negotiated terms between the parties. The independent valuation supported a PFRS 13 fair value of ₱190.38 million on a free-from-encumbrance basis. However, the parties negotiated a ₱2.76 million transaction-specific concession, which was not demonstrated to represent an adjustment that a market participant would make in determining PFRS 13 fair value.

Accordingly, Management determined that the ₱187.62 million negotiated transfer/acquisition amount provides the relevant and reliable basis for the initial carrying amount of the vessels under the accounting policy developed pursuant to PAS 8. The ₱190.38 million independently supported PFRS 13 fair value is therefore distinguished from the initial carrying amount recognized in the financial statements.

*Assessment of Whether the Asset-for-Share Transfer and Subsequent Bareboat Charter Arrangements.* Management exercised significant judgment in determining whether the transfer of the vessels qualified as a sale under PFRS 15 and whether the subsequent Bareboat Charter Agreements constituted leaseback arrangements under PFRS 16 or, alternatively, a financing arrangement.

Management considered the terms of the executed Deeds of Assignment and the final executed Bareboat Charter Agreements, including the transfer of legal ownership and residual interests, the rights to use and operate the vessels, the absence of repurchase or transfer-back obligations and guaranteed residual value arrangements, and the separate negotiation and execution of the charter arrangements.

Management concluded that control and ownership rights in the vessels transferred to the Company and that the transfer qualifies as a sale under PFRS 15. The subsequent Bareboat Charter Agreements constitute leaseback arrangements under PFRS 16 and do not result in the overall arrangement being accounted for as a financing arrangement. As buyer-lessor, the Company recognizes the vessels under its applicable accounting policy and accounts for the charter arrangements under the lessor requirements of PFRS 16.

*Assessment of the Applicability of PFRS 2*, *Share-based Payment*. Management applied significant judgement in assessing whether the asset-for-share swap involving TSTI and EBASCO falls within the scope of PFRS 2, *Share-based Payment*. PFRS 2 generally applies to transactions in which an entity receives goods or services as consideration for equity instruments. In determining whether the arrangement constitutes a share-based payment transaction, Management considered the nature and substance of the transaction, the relationship among the parties, the purpose of the transaction, and the rights and obligations of the parties under the arrangement.

Management concluded that TSTI and EBASCO participated in the transaction in their capacity as entities under common control and as part of the broader restructuring and capitalization of the entities, rather than as counterparties providing goods or services to the Company in exchange for shares. Accordingly, the transaction does not represent a share-based payment transaction within the scope of PFRS 2.

This judgement was significant because the conclusion on the applicability of PFRS 2 affects the basis of accounting for the shares issued in the transaction and the resulting presentation of the transaction within equity.

*Accounting for the Settlement of the TSTI Receivable.* Management exercised judgment in determining the accounting for the ₱19.80 million receivable from TSTI that was settled in connection with the asset-for-share transaction. Management determined that the receivable represented a separate financial asset of the Company and that its settlement was distinct from the measurement of the vessels acquired. Accordingly, the ₱19.80 million receivable was separately extinguished and was not deducted from the independently supported PFRS 13 fair value or the negotiated transfer/acquisition amount of the vessels.

*Accounting for the Existing Borrowing Secured by the Transferred Vessel.* Management exercised judgment in determining whether the ₱22.56 million borrowing secured by LCT “Manoling 2” formed part of the asset-for-share transaction. Management determined that the borrowing is an existing financial liability of the Company, for which the Company is the principal borrower and obligor, and was not assumed from TSTI as part of the vessel transfer. Accordingly, the borrowing remains separately recognized as a financial liability and does not reduce the initial carrying amount of the vessel.

*Classification of Deposits for Future Stock Subscription as Equity.* Management exercised judgment in determining the appropriate classification of deposits for future stock subscription arising from the asset-for-share transaction. Management considered the terms of the subscription and assignment agreements, the approval of the proposed increase in authorized capital stock by the Board of Directors and shareholders, and the filing of the application and supporting documentary requirements with the Securities and Exchange Commission. Management also considered that the consideration had been fully received through the transfer of vessels and that the subscriptions are intended to be settled through the issuance of the Company’s own shares. Based on these considerations, Management concluded that the deposits for future stock subscription amounting to ₱220.60 million qualify for presentation as equity as at June 30, 2026.

Estimates and Assumptions

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 ₱0.94 million and ₱0.09 million as at June 30, 2026 and December 31, 2025, respectively (see Note 6). No allowance for ECL on advances to related parties was recognized as at June 30, 2026 and December 31, 2025 (see Note 14).

The carrying amounts of trade and other receivables amounted to ₱23.99 million and ₱23.07 million as at June 30, 2026 and December 31, 2025, respectively (see Note 6).

The carrying amounts of advances to related parties amounted to ₱54.59 million and ₱87.29 million as at June 30, 2026 and December 31, 2025, 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 for the six-month periods ended June 30, 2026 and 2025. Inventories carried at cost amounted to ₱5.98 million and ₱4.26 million as at June 30, 2026 and December 31, 2025, 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 ₱891.94 million and ₱665.89 million as at June 30, 2026 and December 31, 2025, respectively. Accumulated depreciation of property and equipment amounted to ₱84.53 million and ₱72.13 million as at June 30, 2026 and December 31, 2025, respectively (see Note 9).

Revaluation of vessels, net of accumulated depreciation amounted to ₱94.38 million and ₱96.78 million as at June 30, 2026 and December 31, 2025, respectively. Accumulated depreciation of revalued vessels amounted to ₱12.03 million and ₱9.62 million as at June 30, 2026 and December 31, 2025, respectively (see Note 9).

Deferred drydocking, net of accumulated amortization amounted to ₱37.55 million and ₱15.66 million as at June 30, 2026 and December 31, 2025, respectively. Accumulated amortization of deferred drydocking amounted to ₱31.01 million and ₱25.21 million as at June 30, 2026 and December 31, 2025, respectively (see Note 10).

Intangible asset amounted to ₱1.19 million and ₱1.18 million as at June 30, 2026 and December 31, 2025, respectively. Accumulated amortization of intangible asset amounted to ₱0.06 million and nil as at June 30, 2026 and December 31, 2025, respectively (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 2026 and 2025.

*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.

*Measurement of Property and Equipment Acquired through Asset-for-Share Swap*. The independent valuation of the vessels acquired through the asset-for-share transaction represents valuation information considered by Management in developing its accounting policy under PAS 8. The independent valuation supported a PFRS 13 fair value of ₱190.38 million as of January 27, 2026. However, the amount recognized as the initial carrying amount of the vessels was ₱187.62 million, representing the negotiated transfer/acquisition amount determined under the Company's PAS 8 accounting policy. The difference of ₱2.76 million represents a transaction-specific negotiated concession and is not an adjustment to PFRS 13 fair value.

The independent valuation was categorized within Level 3 of the fair value hierarchy based on the valuation technique and significant unobservable inputs used.

*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 ₱1.32 million and ₱1.01 million as at June 30, 2026 and December 31, 2025, 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 ₱0.57 million and ₱0.28 million as at June 30, 2026 and December 31, 2025, respectively (see Note 19).

## 5. Cash

This account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Cash on hand | **₱158,911** | ₱58,500 |
| Cash in banks | **55,756,875** | 20,364,468 |
| | **₱55,915,786** | ₱20,422,968 |

Cash in banks earn interest at the prevailing bank deposit rates. Interest earned from cash in banks amounted to ₱0.08 million and ₱0.04 million for the six-month periods ended June 30, 2026 and 2025, respectively.

## 6. Trade and Other Receivables, Net

This account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Trade receivables | **₱23,291,394** | ₱21,919,815 |
| Other receivables | **1,635,096** | 1,247,543 |
| | **24,926,490** | 23,167,358 |
| Allowance for expected credit loss | **(935,363)** | (93,977) |
| | **₱23,991,127** | ₱23,073,381 |

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* | **June 30, 2026** | December 31, 2025 |
|---|---|---|---|
| Beginning | | **₱93,977** | ₱- |
| Provision for expected credit loss | *18* | **841,386** | 93,977 |
| Ending | | **₱935,363** | ₱93,977 |

## 7. Inventories

This account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Fuel | **₱5,548,148** | ₱3,734,647 |
| Vessel supplies | **210,464** | 524,843 |
| Others | **221,025** | - |
| | **₱5,979,637** | ₱4,259,490 |

Fuel expense charged to cost of services amounted to ₱61.04 million and ₱26.56 million for the six-month periods ended June 30, 2026 and 2025, respectively (see Note 17).

## 8. Prepayments and Other Current Assets

This account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Prepaid insurance | **₱4,962,719** | ₱3,397,654 |
| IPO related fees | **1,005,560** | - |
| Office supplies | **200,597** | 83,425 |
| Advances to supplier | **-** | 537,700 |
| | **₱6,168,876** | ₱4,018,779 |

Advances to supplier pertain to a down payment for the purchase of a vehicle. The vehicle was delivered in 2026, hence, recorded as additions to property and equipment.

9. **Property and Equipment, Net**

Property and equipment consist of vessels accounted for under the revaluation model and other classes of property and equipment accounted for under the cost model in accordance with PAS 16, Property, Plant and Equipment.

| | Vessels | Machineries, Tools and Equipment | Vehicles | Furniture and Fixtures | Construction in Progress | Total |
|---|---|---|---|---|---|---|
| | *(at revalued amount)* | | | *(at cost)* | | |
| **Cost*** | | | | | | |
| Balance, January 1, 2025 | ₱399,561,380 | ₱2,256,501 | ₱94,200 | ₱71,876 | ₱- | ₱401,983,957 |
| Additions* | 31,550,138 | 94,643 | - | 191,865 | 8,662,541 | 40,499,187 |
| Additions through financing arrangements | 148,110,181 | - | - | - | 147,421,230 | 295,531,411 |
| 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 |
| Additions* | 17,528,796 | - | - | 603,944 | 4,300,600 | 22,433,340 |
| Additions through financing arrangements | 26,602,101 | - | 1,266,300 | - | - | 27,868,401 |
| Additions through assignment in settlement of future stock subscription | 187,615,273 | - | - | - | - | 187,615,273 |
| Acquisition of vehicles through advances to suppliers | - | - | 537,700 | - | - | 537,700 |
| Reclassification | 156,083,771 | - | - | - | (156,083,771) | - |
| **Balance, June 30, 2026** | **967,051,640** | **2,361,412** | **1,898,200** | **857,417** | **4,300,600** | **976,469,269** |
| **Accumulated depreciation** | | | | | | |
| Balance, January 1, 2025 | 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 |
| Depreciation | 11,995,497 | 174,532 | 127,687 | 106,386 | - | 12,404,102 |
| **Balance, June 30, 2026** | **83,157,538** | **995,977** | **167,473** | **211,885** | **-** | **84,532,873** |
| **Net Book Value** | | | | | | |
| **June 30, 2026** | **₱883,894,102** | **₱1,365,435** | **₱1,730,727** | **₱645,532** | **₱4,300,600** | **₱891,936,396** |
| December 31, 2025 | ₱508,059,658 | ₱1,539,967 | ₱54,414 | ₱147,974 | ₱156,083,771 | ₱665,885,784 |

**Additions include cash expenditures and borrowing costs capitalized in accordance with PAS 23, Borrowing Costs. Capitalized borrowing costs amounted to ₱8.25 million and ₱2.58 million as at June 30, 2026 and December 31, 2025, respectively.*

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 in 2025.

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

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| **Cost** | | |
| Balance at beginning and end | **₱106,408,459** | ₱106,408,459 |
| **Accumulated Depreciation** | | |
| Balance at beginning | **9,624,984** | 4,812,492 |
| Depreciation | **2,406,246** | 4,812,492 |
| Balance at end | **12,031,230** | 9,624,984 |
| | **₱94,377,229** | ₱96,783,475 |

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 June 30, 2026.

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 vessels subject to the December 31, 2023 valuation been measured under the cost model, its carrying amount would have been ₱403.02 million as at June 30, 2026. The revaluation surplus as at June 30, 2026 and December 31, 2025 amounted to ₱70.78 million and ₱72.59 million, net of deferred tax, with movements during the period 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:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| As at beginning | **₱72,587,607** | ₱76,196,976 |
| Revaluation | | |
| Depreciation expense, transferred to retained earnings | **(2,406,246)** | (4,812,492) |
| Effect of tax | **601,562** | 1,203,123 |
| As at end | **₱70,782,923** | ₱72,587,607 |

Depreciation charged to cost of services and operating expenses are as follows:

| | *Note* | **June 30, 2026** | June 30, 2025 |
|---|---|---|---|
| Cost of services | *17* | **₱11,995,497** | ₱7,516,516 |
| Operating expenses | *18* | **408,605** | 176,647 |
| | | **₱12,404,102** | ₱7,693,163 |

The Company has no idle property and equipment as at June 30, 2026 and December 31, 2025.

*Capitalized Borrowing Costs*
The Company's capitalized borrowing costs pertaining to the construction of the vessels amounted to ₱8.25 million and ₱2.58 million as at June 30, 2026 and December 31, 2025, 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 personal properties and vessels totaling ₱995.94 million and ₱826.75 million are being held as collateral for the Company's loan payable as at June 30, 2026 and December 31, 2025, respectively (see Notes 13 and 14).

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 June 30, 2026 and December 31, 2025 are impaired or their carrying amounts cannot be recovered.

*Asset-for-Share Swap*
On December 8, 2025, the Company's shareholders, at a Special Meeting of Stockholders, originally approved the subscription of TSTI and EBASCO to 1.68 billion common shares of the Company amounting to ₱167.82 million, to be settled through the assignment and transfer to the Company of certain vessels owned by TSTI and EBASCO. The approval was subsequently re-adopted by the shareholders on March 28, 2026.

On April 28, 2026, the Company and TSTI and EBASCO executed separate Deeds of Assignment with Subscription, pursuant to which TSTI and EBASCO assigned and transferred to the Company all rights, title, and interests in the following vessels in exchange for shares to be issued by the Company under the asset-for-share swap arrangement:

| Vessel Name | Entity | Amount |
|---|---|---|
| MV Manoling 2 | TSTI | ₱87,588,273 |
| MV Melrivic 1 | EBASCO | 37,308,000 |
| MV Melrivic 2 | EBASCO | 17,454,000 |
| MV Melrivic 7 | EBASCO | 45,265,000 |
| | | ₱187,615,273 |

In determining the appropriate accounting treatment, management evaluated whether the transaction constituted a business combination within the scope of PFRS 3, *Business Combinations*. While the transferred vessels represented substantially all of the significant operating assets of TSTI and EBASCO and were the principal source of their revenues, management concluded that the transaction did not involve the acquisition of a business. A business requires not only inputs but also substantive processes that together significantly contribute to the ability to create outputs.

Based on the Deeds of Assignment and related agreements, the Company acquired the vessels and the related rights associated with ownership of the vessels. No employees, vessel crews, customer relationships, operating permits, management functions, operating systems, or other substantive processes were transferred to the Company as part of the asset-for-share swap.

Management also applied the concentration test under PFRS 3 and determined that substantially all of the fair value of the gross assets acquired was concentrated in a group of similar identifiable assets, consisting of the vessels. Accordingly, the concentration test was satisfied and the acquired set was not considered a business. The transaction was therefore accounted for as an acquisition of assets rather than a business combination.

In determining the initial measurement of the vessels, management developed and applied an accounting policy in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, as there is no specific PFRS requirement that directly prescribes the measurement basis for this type of common-control asset-for-share transaction. Management considered the independent appraisal of the vessels, the terms of the asset-for-share arrangement, and the agreed settlement between the parties in determining the appropriate transfer value.

The independent valuation specialist determined the aggregate fair value of the vessels on a free-from-encumbrance basis at ₱190.38 million. The parties subsequently agreed to a ₱2.76 million transaction-specific concession in determining the amount at which the vessels would be transferred. The Company therefore recognized the vessels at the negotiated transfer/acquisition amount of ₱187.62 million pursuant to its accounting policy developed under PAS 8. The ₱2.76 million concession represents a negotiated transaction term and is not characterized as an adjustment to the PFRS 13 fair value.

| Particulars | Amount |
|---|---|
| Independent appraisal – free from encumbrance *(valuation date of January 27, 2026)* | ₱190,377,000 |
| Less: Transaction-specific negotiated concession | (2,761,727) |
| Negotiated transfer/acquisition amount – initial carrying amount of vessels | ₱187,615,273 |

The transfer of the vessels was completed on June 29, 2026, when the Company obtained the relevant rights associated with ownership and the ability to direct the use of the vessels and obtain the related economic benefits.

Separately, ₱19.80 million advances receivable from TSTI was extinguished in connection with the transaction. Accordingly, the DFFS/share subscription consideration amounted to ₱167.82 million, pending completion of the regulatory and corporate requirements for the increase in the Company's authorized capital stock and the subsequent issuance of the shares.

The ₱22.56 million loan secured by LCT “Manoling 2” is separate from the foregoing amounts. The vessel transferred from TSTI to the Company was subject to an existing encumbrance, as the vessel had been pledged by TSTI as collateral for the Company's borrowing. The loan represents an existing financial liability of the Company, for which the Company is the principal borrower and obligor. Accordingly, while the vessel transferred to the Company was subject to an existing mortgage or encumbrance in favor of the lender, the underlying loan obligation was already the Company's liability and was not assumed from TSTI through the transfer of the vessel.

The loan was not extinguished or settled as part of the asset-for-share transaction. Accordingly, the ₱22.56 million loan remains separately recognized as a financial liability in the Company's financial statements. The encumbrance over the vessel represents security provided for the Company's existing borrowing and does not, by itself, represent a liability assumed from TSTI or a deduction from the fair value of the vessels for accounting purposes (see Note 14).

*Subsequent Bareboat Charter Arrangements*
Subsequent to the transfer of ownership of the vessels pursuant to the Deed of Assignment dated April 28, 2026, the Company entered into separate Bareboat Charter Agreements with TSTI and EBASCO covering the same vessels. The charter arrangements were separately negotiated and independently entered and are not a condition to, or consideration for, the transfer of ownership of the vessels.

Under the Bareboat Charter Agreements, the Company, as owner, leases the vessels to TSTI and EBASCO, as charterers, for an initial period of one year, commencing on July 1, 2026. The charter agreements automatically renew for successive one-year period, unless the Company provides written notice of non-renewal at least seven business days prior to the end of the then-current charter period.

During the charter period, the charterers have full possession, command, navigation, operation, and control of the vessels and are responsible for all operating costs, including crew costs, fuel, maintenance, repairs, drydocking, insurance, permits, and regulatory compliance. The Company, as owner, retains legal ownership of the vessels and is entitled to receive charter hire during the applicable charter period and to the return of the vessels upon termination or expiration of the charter arrangements.

The Company assessed the transfer of the vessels and the subsequent Bareboat Charter Agreements based on the applicable requirements of PFRS 15, *Revenue from Contracts with Customers*, and PFRS 16, *Leases*. Management concluded that the transfer of the vessels qualified as a sale under PFRS 15 and that the subsequent Bareboat Charter Agreements constitute leaseback arrangements under PFRS 16. As the buyer-lessor, the Company recognized the acquired vessels in accordance with its accounting policy developed under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, and accounts for the subsequent charter arrangements in accordance with the lessor accounting requirements of PFRS 16 (see Note 21).

## 10. Deferred Drydocking, Net

The movements in this account are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| **Cost** | | |
| Balance at beginning | **₱40,870,464** | ₱28,009,694 |
| Additions | **27,694,533** | 12,860,770 |
| Balance at end | **68,564,997** | 40,870,464 |
| **Accumulated Amortization** | | |
| Balance at beginning | **25,211,616** | 15,904,337 |
| Amortization *(Note 17)* | **5,798,925** | 9,307,279 |
| Balance at end | **31,010,541** | 25,211,616 |
| | **₱37,554,456** | ₱15,658,848 |

## 11. Intangible Asset, Net

This account pertains to computer software to be used by the Company.

The movements in this account are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| **Cost** | | |
| Balance at beginning | **₱1,175,000** | ₱- |
| Additions | **75,000** | 1,175,000 |
| Balance at end | **1,250,000** | 1,175,000 |
| **Accumulated Amortization** | | |
| Balance at beginning | **-** | - |
| Amortization *(Note 18)* | **62,500** | - |
| Balance at end | **62,500** | - |
| | **₱1,187,500** | ₱1,175,000 |

12. **Accounts and Other Payables**

This account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Accounts payable | **₱34,716,962** | ₱10,886,352 |
| Statutory liabilities | **2,854,813** | 2,400,228 |
| Other payables | **2,431,648** | 1,855,227 |
| | **₱40,003,423** | ₱15,141,807 |

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 and accrued interest expense on loans payable.

13. **Loans Payable**

The movements in this account are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Balance at beginning | **₱532,965,144** | ₱235,371,446 |
| Availments | **48,066,300** | 337,845,298 |
| Settlements | **(99,146,352)** | (40,251,600) |
| Balance at end | **481,885,092** | 532,965,144 |
| Current portion of loans payable | **(91,057,355)** | (59,548,064) |
| Noncurrent portion of loans payable | **₱390,827,737** | ₱473,417,080 |

In 2026 and 2025, the Company entered into various loan agreements with local banks. These loans have maturity of three (3) months to ten (10) years with fixed interest rates ranging from 7.25% to 13.50% annually. These loans were obtained to finance the Company's working capital requirements and are secured by mortgage of shareholders' personal properties and Company's vessels.

In 2026 and 2025, the Company availed loans with a maturity of three (3) to ten (10) 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 in 2026 and 2025 amounting to ₱26.60 million and ₱295.53 million, respectively, were directly credited to the accounts of the suppliers as payment for the vessel construction and construction-in-progress.

On February 2, 2026, the Company obtained loan to finance its acquisition of vehicle amounting to ₱1.27 million with a maturity of three (3) years with a fixed rate of 11.69%.

In 2026, the Company availed short-term loans with a maturity of three (3) months and fixed rate of 7.25% annually. These loans were obtained to finance the Company's working capital requirements.

*Interest Expense*
Interest expense incurred on the loans amounted to ₱18.20 million and ₱11.63 million for the six-month periods ended June 30, 2026 and 2025, respectively. Interest expense includes accrued interest amounting to ₱1.49 million and ₱1.75 million as at June 30, 2026 and December 31, 2025, respectively.

*Capitalized Borrowing Costs*
The Company's capitalized borrowing costs pertain to the construction of the vessels amounting to ₱8.25 million and ₱2.58 million as at June 30, 2026 and December 31, 2025, 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 (see Note 9):

| Asset | *Note* | **June 30, 2026** | December 31, 2025 |
|---|---|---|---|
| Personal properties of the owners | *14* | **₱206,901,000** | ₱206,901,000 |
| Vessels of the Company | | **789,039,543** | 576,654,424 |
| Vessel of TSTI | *14* | **-** | 43,197,970 |
| Total | | **₱995,940,543** | ₱826,753,394 |

*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 June 30, 2026 and 2025, the outstanding balance of this loan amounted to ₱67.06 million and ₱71.74 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, 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 did 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 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 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.

As at June 30, 2026, the Company has complied with all the financial ratios disclosed in the loan covenant.

## 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 are as follows:

| | | Outstanding Balance | | |
|---|---|---|---|---|
| **Related Party** | **Movements** | **June 30, 2026** | December 31, 2025 | **Terms and Conditions** |
| **Advances to related parties** | | | | |
| TSTI | Beginning | **₱30,501,313** | ₱- | Unsecured, non-interest bearing, receivable on demand |
| | Additions | **19,800,000** | 30,501,313 | |
| | Cash settlement | **(30,501,313)** | - | |
| | Non-cash settlement – asset-for-share transaction | **(19,800,000)** | - | |
| | | **-** | 30,501,313 | |
| EBAMS | Beginning | **939,227** | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | **-** | 939,227 | |
| | | **939,227** | 939,227 | |
| Aznar Shipyard | Beginning | **35,000,000** | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | **-** | 35,000,000 | |
| | | **35,000,000** | 35,000,000 | |
| APMI | Beginning | **18,648,857** | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | **-** | 18,648,857 | |
| | | **18,648,857** | 18,648,857 | |
| EBASCO | Beginning | **2,196,707** | - | Unsecured, non-interest bearing, receivable on demand |
| | Net Movement | **(2,196,707)** | 2,196,707 | |
| | | **-** | 2,196,707 | |
| | | **₱54,588,084** | ₱87,286,104 | |

| | | Outstanding Balance | | |
|---|---|---|---|---|
| **Related Party** | **Movements** | **June 30, 2026** | December 31, 2025 | **Terms and Conditions** |
| **Advances from related parties** | | | | |
| ALQ | Beginning | **₱-** | ₱346,404 | Unsecured, non-interest bearing, payable on demand |
| | Net Movement | **-** | (346,404) | |
| | | **-** | - | |
| EBASCO | Beginning | **-** | 101,661 | Unsecured, non-interest bearing, payable on May 1, 2028 |
| | Net Movement | **64,963,793** | (101,661) | |
| | | **64,963,793** | - | |
| GASAI | Beginning | **3,100,000** | - | Unsecured, non-interest bearing, payable on demand |
| | Net Movement | **-** | 3,100,000 | |
| | | **3,100,000** | 3,100,000 | |
| | | **₱68,063,793** | ₱3,100,000 | |

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.

On January 21, 2026, EBASCO settled in cash its outstanding advances to the Company amounting to ₱2.20 million.

On February 18, 2026, TSTI settled in cash its outstanding advances to the Company amounting to ₱30.50 million. TSTI subsequently availed of an additional advance amounting to ₱19.80 million, which was subsequently extinguished in connection with the asset-for-share transaction with TSTI (see Note 15).

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

c. The Company entered into a lease contract with EBAMS for the lease of its office space and recognized rent expense of ₱0.29 million each for the six-month periods ended June 30, 2026 and 2025 on such office space lease (see Note 21).

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

e. In 2025, the vessel of TSTI was held as collateral for the Company's loan amounting to ₱43.20 million (see Notes 9 and 13).

f. During the period, the Company entered an asset-for-share transaction with TSTI and EBASCO. The vessels had an independently appraised fair value of ₱190.38 million on a free-from-encumbrance basis. The parties agreed to a ₱2.76 million transaction-specific negotiated concession, resulting in a negotiated transfer/acquisition amount of ₱187.62 million, which was recognized as the initial carrying amount of the vessels under the Company's accounting policy developed pursuant to PAS 8 (see Note 9).

In addition, ₱19.80 million of advances receivable from TSTI was extinguished in connection with the transaction. The resulting DFFS/share subscription consideration amounted to ₱167.82 million (see Note 15).

The transaction was approved by the Board of Directors and shareholders on December 8, 2025, and subsequently readopted by the shareholders on March 28, 2026.

Key Management Personnel
Compensation paid for key management personnel amounted to ₱9.37 million and ₱6.83 million for the six-month periods ended June 30, 2026 and 2025, respectively.

## 15. Equity

*Share Capital*
The Company's ordinary share capital, with a par value of ₱0.10 and ₱1.00 per share, consists of the following number of shares as at June 30, 2026 and December 31, 2025, respectively:

| | **June 30, 2026** | | December 31, 2025 | |
|---|---|---|---|---|
| | **No. of Shares** | **Amount** | No. of Shares | Amount |
| Authorized Share Capital | | | | |
| As at January 1 | **32,000,000** | **₱32,000,000** | 32,000,000 | ₱32,000,000 |
| Effect of stock split | **288,000,000** | **-** | - | - |
| As at June 30 and December 31 | **320,000,000** | **₱32,000,000** | 32,000,000 | ₱32,000,000 |
| Subscribed and paid | | | | |
| As at January 1 | **26,000,400** | **₱26,000,400** | 8,000,000 | ₱8,000,000 |
| Issuance | **-** | **-** | 18,000,400 | 18,000,400 |
| Effect of stock split | **234,003,600** | **-** | - | - |
| As at June 30 and December 31 | **260,004,000** | **₱26,000,400** | 26,000,400 | ₱26,000,400 |

On September 25, 2025, the shareholders subscribed to 18.00 million shares of the Company at par value.

On December 8, 2025, BOD and shareholders originally 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).

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.

On July 31, 2026, the BOD and shareholders subsequently revised the proposed increase in the Company's authorized capital stock to 9.65 billion shares at ₱0.10 per share (see Note 24).

*Articles of Incorporation Amendments*
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 Corp.;
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 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.

*Deposits for Future Stock Subscription (DFFS)*
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** |

The cash deposits received in December 2025 were presented as noncurrent liabilities because the SEC filing requirement had not been satisfied as of December 31, 2025. The asset-for-share subscription recognized in 2026 was presented as a separate component of equity upon satisfaction of the conditions for equity classification under 2017 Financial Reporting Bulletin No. 6 – Revised.

As of June 30, 2026, the Company had filed its application with the SEC but had not yet obtained SEC approval. SEC approval was subsequently obtained on August 11, 2026.

On December 8, 2025, 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. Pursuant to separate Deeds of Assignment dated April 28, 2026, TSTI and EBASCO assigned and transferred ownership of certain vessels to the Company as consideration for the future issuance of shares of stock.

The vessels were initially appraised by an SEC-accredited independent appraiser with an effective valuation date of January 27, 2026. The valuation report was issued on February 10, 2026 at an aggregate value of ₱190.38 million on a free-from-encumbrance basis. In determining the share subscription consideration, the parties separately accounted for the ₱19.80 million receivable of ASC from TSTI, which was extinguished in connection with the transaction, and agreed to a further ₱2.762 million transaction-specific negotiated concession. Accordingly, the agreed share subscription consideration amounted to ₱167.82 million (see Notes 9 and 14).

The reconciliation of the amount recognized in the asset-for-share transaction is as follows:

| Particulars | Amount |
|---|---|
| Independent appraisal – free from encumbrance | ₱190,377,000 |
| Less: negotiated concession agreed by parties | (2,761,727) |
| Negotiated transfer/acquisition amount – initial carrying amount of vessels | 187,615,273 |
| Less: ASC receivable from TSTI extinguished | (19,800,000) |
| Share subscription value | ₱167,815,273 |

On June 29, 2026, the Company recognized DFFS amounting to ₱167.82 million divided into 1.68 billion shares with a par value of ₱0.10, representing the agreed share subscription consideration arising from the asset-for-share transaction, after separately accounting for the ₱19.80 million receivable from TSTI that was extinguished in connection with the transaction.

Following the transaction the breakdown of DFFS to TSTI and EBASCO at ₱0.10 par value as follows:

| | Number of Shares | Amount |
|---|---|---|
| TSTI | 677,882,730 | ₱67,788,273 |
| EBASCO | 1,000,270,000 | 100,027,000 |
| | 1,678,152,730 | ₱167,815,273 |

On June 29, 2026, the Company filed and presented to the SEC its application and supporting documentary requirements for the proposed increase in its authorized capital stock.

The Company classified the DFFS as a component of equity as of June 30, 2026 upon satisfaction of the conditions for equity classification under 2017 Financial Reporting Bulletin No. 6 – Revised, including the insufficiency of unissued authorized capital stock to cover the subscription, the requisite Board and stockholder approvals, and the presentation of the application for the increase in authorized capital stock to the SEC.

As of June 30, 2026, the corresponding shares have not yet been issued because the Company's existing authorized capital stock of ₱32.00 million, divided into 320.00 million shares with a par value of ₱0.10 per share, was insufficient to accommodate the shares to be issued. As of reporting date, the Company is awaiting SEC approval of its proposed increase in authorized capital stock to ₱965.00 million, divided into 9.65 billion shares with a par value of ₱0.10 per share.

Upon approval of the increase by the SEC and issuance of the corresponding shares, the deposit for future stock subscription shall be reclassified to share capital.

Movements in the DFFS are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Beginning | **₱52,789,666** | ₱- |
| Deposit for future stock subscription paid in cash | **-** | 52,789,666 |
| Deposit for future stock subscription through asset-for-share swap | **167,815,273** | - |
| Ending | **₱220,604,939** | ₱52,789,666 |

*Stock Dividends*
On March 28, 2026, the Board of Directors and shareholders approved the declaration of stock dividends at the rate of one (1) share for every two (2) shares, held by shareholders of record as of December 31, 2025.

Based on the outstanding shares as of the declaration date, the stock dividend declaration resulted in an aggregate stock dividend payable amounting to ₱13.00 million.

As of June 30, 2026, the Company has not yet issued the corresponding shares since its authorized capital stock is insufficient to accommodate the stock dividend issuance. As of reporting date, the stock dividends remain presented under equity as Common Stock Dividends Distributable pending the approval of the proposed increase in the Company's authorized capital stock by the SEC.

16. **Revenues**

This account consists of revenues from passenger and cargo transportation services:

| | **June 30, 2026** | June 30, 2025 |
|---|---|---|
| Cargo income | **₱180,665,488** | ₱88,827,362 |
| Passenger income | **30,326,716** | 11,759,017 |
| | **₱210,992,204** | ₱100,586,379 |

17. **Cost of Services**

This account consists of:

| | *Note* | **June 30, 2026** | June 30, 2025 |
|---|---|---|---|
| Fuel and lubricants | *7* | **₱61,044,298** | ₱26,564,292 |
| Depreciation | *9* | **11,995,497** | 7,516,516 |
| Salaries, contributions and other benefits | | **11,184,385** | 6,717,982 |
| Repairs and maintenance | | **6,082,966** | 3,149,647 |
| Drydock amortization | *10* | **5,798,925** | 5,295,385 |
| Vessel supplies and standard | | **5,258,489** | 1,714,534 |
| Marina fees | | **3,323,541** | 717,417 |
| Insurance | | **3,180,574** | 1,607,009 |
| Permits and licenses | | **2,808,093** | 1,276,281 |
| Arrastre and mooring fees | | **1,917,166** | 385,309 |
| Supplies | | **2,159** | 29,817 |
| Other expenses | | **1,160,641** | 372,721 |
| | | **₱113,756,734** | ₱55,346,910 |

Other expenses pertain to driver's incentives and canvassers fee.

18. **Operating Expenses**

This account consists of:

| | *Note* | **June 30, 2026** | June 30, 2025 |
|---|---|---|---|
| Salaries, contributions and other benefits | | **₱1,514,419** | ₱2,162,704 |
| Security | | **1,268,518** | 35,290 |
| Taxes and licenses | | **1,226,468** | 320,606 |
| Travel and transportation | | **1,220,020** | 230,384 |
| Professional fees | | **1,133,756** | 81,760 |
| Provision for expected credit loss | *6* | **841,386** | 46,989 |
| Depreciation and amortization | *9, 11* | **471,105** | 176,647 |
| Rent | *21* | **457,074** | 335,569 |
| Representation | | **357,141** | - |
| Retirement | *20* | **313,002** | 313,002 |
| Office supplies | | **236,695** | 117,945 |
| Advertising | | **161,337** | - |
| Communication | | **158,358** | 112,847 |
| Light and water | | **107,018** | 139,823 |
| Donation and contribution | | **91,147** | - |
| Insurance | | **29,170** | - |
| Other expenses | | **2,911,922** | 1,806,068 |
| | | **₱12,498,536** | ₱5,879,634 |

Other expenses pertain to dues and subscriptions, medical, food and meal and others.

19. **Income Tax**

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

| | **June 30, 2026** | June 30, 2025 |
|---|---|---|
| Current | **₱13,751,569** | ₱7,031,151 |
| Deferred | **(288,597)** | (89,998) |
| | **₱13,462,972** | ₱6,941,153 |

The current provisions for income tax in 2026 and 2025 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:

| | **June 30, 2026** | June 30, 2025 |
|---|---|---|
| Income before income tax | **₱66,649,855** | ₱27,791,925 |
| Income tax at statutory income tax rate of 25% | **₱16,662,464** | ₱6,947,981 |
| Add (deduct) tax effects of: | | |
| Non-deductible expenses | **4,809** | 2,277 |
| Interest income subject to final tax | **(19,237)** | (9,105) |
| Income tax holiday | **(3,185,064)** | - |
| | **₱13,462,972** | ₱6,941,153 |

(c) The Company's net deferred tax liability as at June 30, 2026 and December 31, 2025 arise from the following:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Deferred tax assets | | |
| Retirement liability | **₱331,244** | ₱252,994 |
| Allowance for expected credit loss | **233,841** | 23,494 |
| | **565,085** | 276,488 |
| Deferred tax liability | | |
| Revaluation surplus | **(23,594,307)** | (24,195,869) |
| Net deferred tax liability | **(₱23,029,222)** | (₱23,919,381) |

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

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Beginning | **₱23,919,381** | ₱25,302,499 |
| Amount recognized in profit or loss | **(288,597)** | (179,995) |
| Amount recognized directly in retained earnings | **(601,562)** | (1,203,123) |
| Ending | **₱23,029,222** | ₱23,919,381 |

(e) The movements in income tax payable are accounted for as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Beginning | **₱15,556,867** | ₱3,611,224 |
| Provision for current tax | **13,751,569** | 17,410,776 |
| Income tax paid | **(17,981,979)** | (5,465,133) |
| Ending | **₱11,326,457** | ₱15,556,867 |

## 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 ₱0.31 million for the six-month periods ended June 30, 2026 and 2025 (see Note 18).

Accrued retirement obligation amounted to ₱1.32 million and ₱1.01 million as at June 30, 2026 and December 31, 2025, respectively.

## 21. Leases

*Short-term and low-value leases*

In 2026 and 2025, 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 ₱0.17 million and ₱0.05 million for the six-month periods ended June 30, 2026 and 2025, respectively (see Note 18).

On January 1, 2026 and 2025, 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 ₱0.29 million each for the six-month periods ended June 30, 2026 and 2025 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 June 30, 2026 and December 31, 2025.

*Subsequent Bareboat Charter Arrangements*
Subsequent to the reporting date, on July 1, 2026, the Company entered into separate charter agreements with TSTI and EBASCO. The arrangements represent sale and leaseback transactions whereby the vessels transferred to the Company are subsequently leased back to the respective transferors.

The asset transfers and the related charter agreements were entered into as separate arrangements. The charter agreements provide for the continued use of the respective vessels by the transferors for one year and renewable every year upon mutual consent of both parties. Management assessed the arrangements in accordance with PFRS 16, *Leases*, and determined that the charter agreements constitute operating leases from the Company's perspective as lessor. Accordingly, the Company will recognize lease income over the applicable charter periods commencing from July 1, 2026.

No lease income arising from these arrangements was recognized in the financial statements for the six-month period ended June 30, 2026, as the charter agreements were executed subsequent to the reporting date.

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:

| | **June 30, 2026** | | December 31, 2025 | |
|---|---|---|---|---|
| | **Fair Value** | **Carrying Amount** | Fair Value | Carrying Amount |
| **Financial Assets** | | | | |
| Cash | **₱55,915,786** | **₱55,915,786** | ₱20,422,968 | ₱20,422,968 |
| Trade and other receivables* | **22,356,031** | **22,356,031** | 21,825,838 | 21,825,838 |
| Advances to related parties | **54,588,084** | **54,588,084** | 87,286,104 | 87,286,104 |
| Security deposit | **39,000** | **39,000** | 39,000 | 39,000 |
| | **₱132,898,901** | **₱132,898,901** | ₱129,573,910 | ₱129,573,910 |
| **Financial Liabilities** | | | | |
| Accounts and other payables** | **₱37,148,610** | **₱37,148,610** | ₱12,741,579 | ₱12,741,579 |
| Loans payable | **481,885,092** | **481,885,092** | 532,965,144 | 532,965,144 |
| Advances from related parties | **62,975,236** | **68,063,793** | 3,100,000 | 3,100,000 |
| | **₱582,008,938** | **₱587,097,495** | ₱548,806,723 | ₱548,806,723 |

**Excluding advances to employees amounting to ₱1.64 million and ₱1.25 million as at June 30, 2026 and December 31, 2025, respectively.*
***Excluding statutory liabilities amounting to ₱2.85 million and ₱2.40 million as at June 30, 2026 and December 31, 2025, 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, Current 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 fair values are estimated by discounting future contractual cash flows using the current market interest rate available for similar loans with similar terms, maturity, and credit risk.

*Noncurrent Advances from Related Parties*. For the non-interest-bearing advances from related parties, the fair values are determined by discounting the expected future cash flows using the Company's current incremental borrowing rate for similar financial instruments.

*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, receivables, advances to related parties, security deposits, accounts and other payables (excluding statutory liabilities), advances from related parties and loans payable.

The BOD has 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.

| | | June 30, 2026 | | |
|---|---|---|---|---|
| | *Note* | **Total** | **Due within one year** | **Due within 5 years or more** |
| **Financial Assets at Amortized Cost** | | | | |
| Cash | *5* | **₱55,915,786** | **₱55,915,786** | **₱-** |
| Trade and other receivables* | *6* | **22,356,031** | **22,356,031** | **-** |
| Advances to related parties | *14* | **54,588,084** | **54,588,084** | **-** |
| Security deposit | *21* | **39,000** | **-** | **39,000** |
| | | **132,898,901** | **132,859,901** | **39,000** |
| **Financial Liabilities at Amortized Cost** | | | | |
| Accounts and other payables** | *12* | **37,148,609** | **37,148,609** | **-** |
| Loans payable | *13* | **481,885,092** | **91,057,355** | **390,827,737** |
| Advances from related parties | *14* | **68,063,793** | **3,100,000** | **64,963,793** |
| | | **587,097,495** | **131,305,965** | **455,791,530** |
| **Net undiscounted financial assets (liabilities)** | | **(₱454,198,594)** | **₱1,553,936** | **(₱455,752,530)** |

**Excluding advances to employees amounting to ₱1.64 million.*
***Excluding statutory liabilities amounting to ₱2.85 million.*

| | Note | December 31, 2025 Total | Due within one year | Due within 5 years or more |
|---|---|---|---|---|
| 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 |
| 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.*

*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 | **June 30, 2026** | December 31, 2025 |
|---|---|---|---|
| *Financial Assets at Amortized Cost* | | | |
| Cash in banks | *5* | **₱55,756,875** | ₱20,364,468 |
| Trade and other receivables* | *6* | **22,356,031** | 21,825,838 |
| Advances to related parties | *14* | **54,588,084** | 87,286,104 |
| Security deposit | *21* | **39,000** | 39,000 |
| | | **₱132,739,990** | ₱129,515,410 |

**Excluding advances to employees amounting to ₱1.64 million and ₱1.25 million as at June 30, 2026 and December 31, 2025, respectively.*

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

| | | **June 30, 2026** | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | **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* | **₱55,756,875** | **₱55,756,875** | **₱-** | **₱-** | **₱-** | **₱-** | **₱-** |
| **Trade and other receivables** | *6* | **22,356,031** | **212,307** | **5,197,572** | **5,959,310** | **3,945,127** | **7,041,715** | **-** |
| **Advances to related parties** | *14* | **54,588,084** | **54,588,084** | **-** | **-** | **-** | **-** | **-** |
| **Security deposit** | *21* | **39,000** | **39,000** | **-** | **-** | **-** | **-** | **-** |
| | | **₱132,739,990** | **₱110,596,266** | **₱5,197,572** | **₱5,959,310** | **₱3,945,127** | **₱7,041,715** | **₱-** |

| | | December 31, 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 | ₱- |

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 June 30, 2026 and December 31, 2025.

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 June 30, 2026 and December 31, 2025 without taking account of any collateral held or other credit enhancements:

| | **June 30, 2026** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **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)* | **₱55,756,875** | **₱-** | **₱-** | **₱-** | **₱-** | **₱-** | **₱55,756,875** |
| **Trade and other receivables** *(Note 6)* | **-** | **212,307** | **-** | **-** | **22,143,724** | **-** | **22,356,031** |
| **Advances to related parties** *(Note 14)* | **-** | **54,588,084** | **-** | **-** | **-** | **-** | **54,588,084** |
| **Security deposit** *(Note 21)* | **39,000** | **-** | **-** | **-** | **-** | **-** | **39,000** |
| | **₱55,795,875** | **₱54,800,391** | **₱-** | **₱-** | **₱22,143,724** | **₱-** | **₱132,739,990** |

| | December 31, 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 |

*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.

*Advances to Related Parties*. For advances to 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.

*Security Deposit*. To limit its exposure to credit risk arising from security deposits, the Company places deposits only with reputable counterparties that have passed its evaluation and approval process. The Company assesses the creditworthiness of the counterparties by considering their financial stability, reputation, past dealings, and other relevant factors. Management regularly monitors the recoverability of security deposits and believes that the associated credit risk is adequately managed.

*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.

As at June 30, 2026, the Company has complied with the debt-to-equity ratio.

24. **Events After Reporting Date**

a. On July 1, 2026, the Company entered a separate Bareboat Charter Agreements with TSTI and EBASCO covering the same vessels. The charter arrangements were separately negotiated and independently entered and are not a condition to, or consideration for, the transfer of ownership of the vessels.

Under the Bareboat Charter Agreements, the Company, as owner, leases the vessels to TSTI and EBASCO, as charterers, for an initial period of one year, commencing on July 1, 2026. The charter agreements automatically renew for successive one-year period, unless the Company provides written notice of non-renewal at least seven business days prior to the end of the then-current charter period.

During the charter period, the charterers have full possession, command, navigation, operation, and control of the vessels and are responsible for all operating costs, including crew costs, fuel, maintenance, repairs, drydocking, insurance, permits, and regulatory compliance. The Company, as owner, retains legal ownership of the vessels and is entitled to receive charter hire during the applicable charter period and to the return of the vessels upon termination or expiration of the charter arrangements.

The Company assessed the transfer of the vessels and the subsequent Bareboat Charter Agreements in accordance with PFRS 15 and PFRS 16. Management concluded that the transfer of the vessels qualified as a sale under PFRS 15 and that the subsequent Bareboat Charter Agreements constitute leaseback arrangements under PFRS 16. As the buyer-lessor, the Company accounts for the acquired vessels in accordance with the applicable accounting standards and accounts for the subsequent charter arrangements in accordance with the lessor accounting requirements of PFRS 16.

b. On August 11, 2026, the SEC approved the Company's increase in authorized capital stock. Consequently, the Company proceeded with the issuance of the corresponding shares in settlement of deposit for future stock subscription and stock dividends.

The effect of deposit for future stock subscription and stock dividends was reclassified to Share Capital as follows:

| | Previous Balance | After SEC Approval |
|---|---|---|
| **Authorized shares** | | |
| Number of shares | **320,000,000** | **9,650,000,000** |
| Amount | **₱32,000,000** | **₱965,000,000** |
| Par value of per share | **₱0.10** | **₱0.10** |
| **Share capital - issued and paid** | **26,000,400** | **259,605,539** |
| Deposit for future stock subscription | **220,604,939** | **-** |
| Common stock dividend distributable | **13,000,200** | **-** |
| Retained earnings | **121,339,437** | **121,339,437** |
| Revaluation surplus | **70,782,923** | **70,782,923** |
| Total equity | **451,727,899** | **451,727,899** |
| Number of shares outstanding | **260,004,000** | **2,596,055,390** |
| Book value per share | **₱1.74** | **₱0.17** |

**The balances presented above are as at June 30, 2026.*

25. **Supplemental Disclosure on Cash Flow Information**

*Non-cash investing and financing activities*

During the six-month period ended June 30, 2026, the Company acquired vessels from related parties through an asset-for-share transaction. The transaction did not involve the use of cash and consisted of the following:

| Particulars | Amount |
|---|---|
| Acquisition of vessels through asset-for-share transaction | ₱187,615,273 |
| Less: Extinguishment of advances receivable from TSTI | (19,800,000) |
| Share subscription value | ₱167,815,273 |

The acquisition of vessels amounting to ₱187.62 million represents a non-cash investing activity. The ₱19.80 million advances receivable from TSTI were separately extinguished in connection with the transaction and did not involve the receipt of cash. The resulting share subscription consideration of ₱167.82 million represents the non-cash financing component of the transaction.

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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 six-month period ended June 30, 2026, on which we have rendered the attached report dated August 11, 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.**



**Aljuver R. Gamao**
Partner
CPA Certificate No. 0126931
Tax Identification No. [redacted]
BIR Accreditation No. 08-001682-023-2025, issued on January 8, 2025,
effective until January 7, 2028
SEC Accreditation No. 126931-SEC, Group A, issued on November 8, 2022,
effective for the audit of 2022 to 2026 financial statements of SEC covered institutions
PTR No. 10795851, issued on January 28, 2026, Makati City

August 11, 2026
Makati City

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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 June 30, 2026 and December 31, 2025 and for the six-month periods ended June 30, 2026 and 2025 and have issued our report thereon dated August 11, 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.**



**Aljuver R. Gamao**
Partner
CPA Certificate No. 0126931
Tax Identification No. [redacted]
BIR Accreditation No. 08-001682-023-2025, issued on January 8, 2025,
effective until January 7, 2028
SEC Accreditation No. 126931-SEC, Group A, issued on November 8, 2022,
effective for the audit of 2022 to 2026 financial statements of SEC covered institutions
PTR No. 10795851, issued on January 28, 2026, Makati City

August 11, 2026
Makati City



**SCHEDULE I**

## RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026**

**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** | | | **₱76,063,774** |
| **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 | (13,000,200) | |
| | Retained Earnings appropriated during the reporting year | - | |
| | Effect of restatements or prior-period adjustments | - | |
| | Others | - | **(13,000,200)** |
| **Unappropriated Retained Earnings, as adjusted** | | | **63,160,067** |
| **Add/Less: Net Income for the current reporting year** | | | **53,186,883** |
| **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** | | | **53,186,883** |
| **Add:** | **Category D: Non-actual losses recognized in profit or loss during the reporting year (net of tax)** | | |
| | Depreciation on revaluation increment (after tax) | 1,804,684 | |
| | Sub-total | | **1,804,684** |
| **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) | (288,597) | |
| | Adjustment due to deviation from PFRS/GAAP - gain (loss) | - | |
| | Others (describe nature) | - | |
| | Sub-total | | **(288,597)** |
| **Total Retained Earnings available for dividend, end of the reporting year** | | | **₱117,766,544** |

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

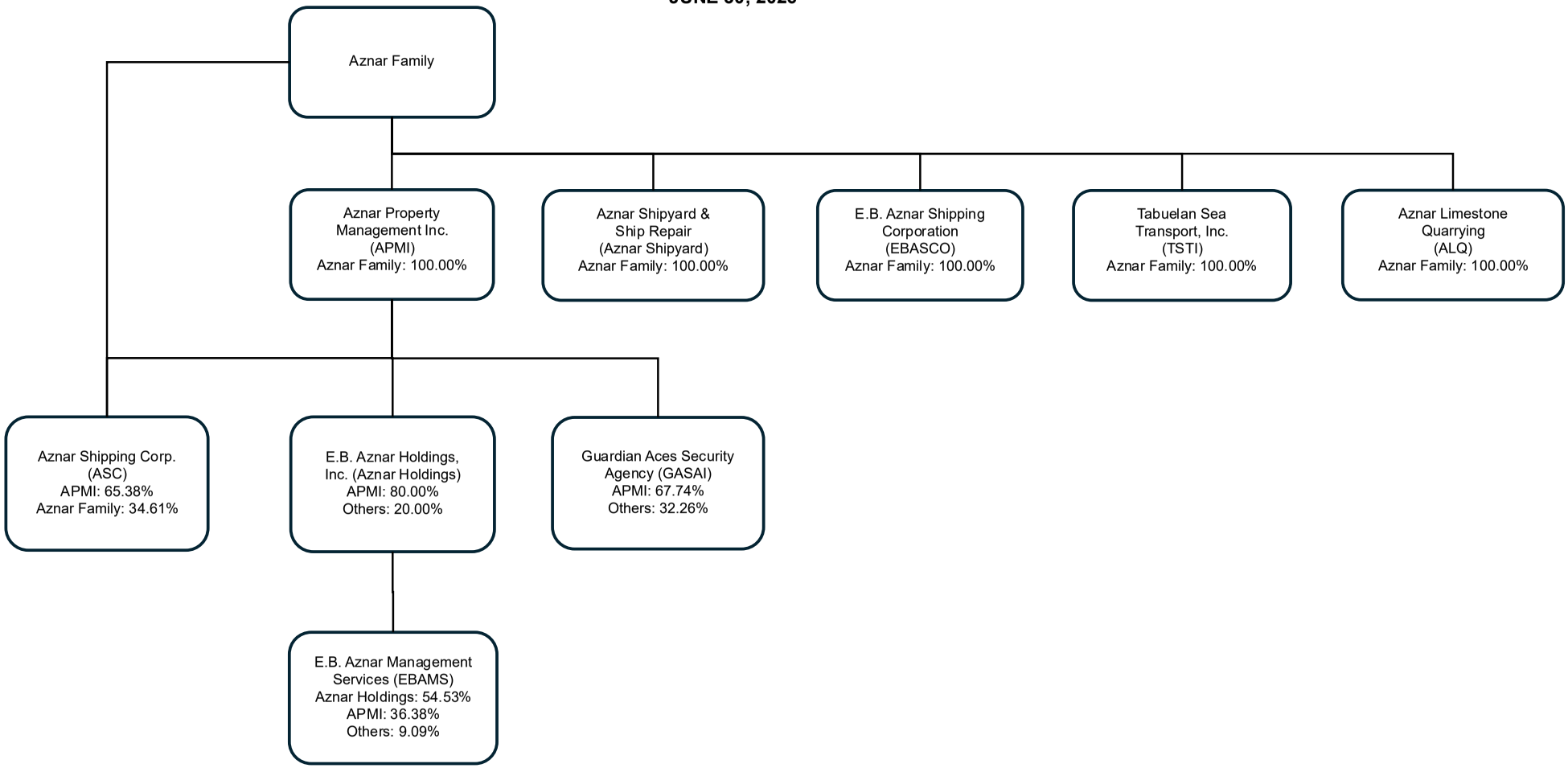
## SCHEDULE II
## SCHEDULE SHOWING FINANCIAL SOUNDNESS PURSUANT TO REVISED SRC RULE 68
**AS AT JUNE 30, 2026 AND DECEMBER 31, 2025**

| Ratio | Formula | | As at **2026** | 2025 |
|---|---|---|---|---|
| **Liquidity Ratios:** | | | | |
| Current ratio | Total Current Assets divided by Total Current Liabilities | | **1.01** | 1.49 |
| | Total Current Assets | ₱146,643,510 | | |
| | Divide by: Total Current Liabilities | ₱145,487,235 | | |
| | Current ratio | 1.01 | | |
| Quick ratio | Total Quick Assets divided by Total Current Liabilities | | **0.55** | 0.47 |
| | Total Quick Assets | ₱79,906,913 | | |
| | Divide by: Total Current Liabilities | ₱145,487,235 | | |
| | Quick ratio | 0.55 | | |
| **Solvency Ratios:** | | | | |
| Debt ratio / Debt-to asset ratio | Total Liabilities divided by Total Assets | | **0.58** | 0.78 |
| | Total Liabilities | ₱625,632,963 | | |
| | Divide by: Total Assets | ₱1,077,360,862 | | |
| | Debt-to-asset ratio | 0.58 | | |
| Debt-to-equity ratio | Total Liabilities divided by Total Equity | | **1.38** | 3.63 |
| | Total Liabilities | ₱625,632,963 | | |
| | Divide by: Total Equity | ₱451,727,899 | | |
| | Debt-to-equity ratio | 1.38 | | |
| Asset-to-equity ratio | Total Assets divided by Total Equity | | **2.38** | 4.63 |
| | Total Assets | ₱1,077,360,862 | | |
| | Divide by: Total Equity | ₱451,727,899 | | |
| | Asset-to-equity ratio | 2.38 | | |
| Interest rate coverage ratio | EBIT divided by Interest Expense | | **4.66** | 2.76 |
| | EBIT | ₱84,850,149 | | |
| | Divide by: Interest Expense | ₱18,200,294 | | |
| | Interest rate coverage ratio | 4.66 | | |
| **Profitability Ratios:** | | | | |
| Return on assets | Net Income divided by Average Total Assets | | **0.06** | 0.08 |
| | Net Income | ₱53,186,883 | | |
| | Divide by: Average Total Assets | ₱949,590,108 | | |
| | Return on assets | 0.06 | | |

| Ratio | Formula | | As at **2026** | 2025 |
|---|---|---|---|---|
| Return on equity | Net Income divided by Average Total Equity | | **0.17** | 0.36 |
| | Net Income | ₱53,186,883 | | |
| | Divide by: Average Total Equity | ₱314,531,207 | | |
| | Return on equity | 0.17 | | |
| Net profit margin | Net income divided by Revenues | | **0.25** | 0.23 |
| | Net Income | ₱53,186,883 | | |
| | Divide by: Revenues | ₱210,992,204 | | |
| | Net profit margin | 0.25 | | |

**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
**JUNE 30, 2026**



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

## SCHEDULE IV
## SCHEDULE A
## FINANCIAL ASSETS
**JUNE 30, 2026**

| 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)
**JUNE 30, 2026**

| 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 | ₱- | (₱11,447) | ₱309,541 | ₱- | ₱309,541 |
| Richard A. Tuastumban - Port Incharge | 254,307 | 206,054 | - | 460,361 | - | 460,361 |
| Emerico Alvarado Jr. - Second Mate | 46,550 | - | (46,550) | - | - | - |
| Erwin D. Javellana - Captain | 126,500 | - | (126,500) | - | - | - |
| Allan E. Alampay - Treasury Staff | 153,500 | 213,585 | - | 367,085 | - | 367,085 |
| Eldrin L. Galuso - Captain | 65,000 | - | (9,000) | 56,000 | - | 56,000 |
| Noel W. Abing - Chief Mate | 1,160 | - | (1,160) | - | - | - |
| Ruel J. Gonzalo - Port Captain | 107,503 | - | (107,503) | - | - | - |
| Jude Jugarap - AB | 45,450 | - | (45,450) | - | - | - |
| Alejandro Sato - Treasury Staff | 95,300 | - | (95,300) | - | - | - |
| Ruben O. Ceniza - Boatswain | 9,520 | 10,100 | - | 19,620 | - | 19,620 |
| Shina M. Cajurao - Passage Teller | 21,765 | - | (21,765) | - | - | - |
| Silvestre Najaro - Captain | - | 21,800 | | 21,800 | - | 21,800 |
| Jonimar Misa - Admin Incharge | - | 33,831 | | 33,831 | - | 33,831 |
| June Dave Reponte - Able Bodied | - | 18,530 | | 18,530 | - | 18,530 |
| Junifer Montecillo - Technical Assistant | - | 100,000 | | 100,000 | - | 100,000 |
| Justine Ragas - Ordinary Seaman | - | 19,040 | | 19,040 | - | 19,040 |
| Jule Dollete - Second mate | - | 59,000 | | 59,000 | - | 59,000 |
| Angelica Espinosa - Human Resource Officer | - | 100,000 | | 100,000 | - | 100,000 |
| Janice Alia - Marketing Supervisor | - | 32,138 | | 32,138 | - | 32,138 |
| Francis Ventura Tee – Chief Mate | - | 38,150 | | 38,150 | - | 38,150 |

| Name and Designation of Debtor | Balance at beginning of period | Additions | Paid | Current | Noncurrent | Balance at end of period |
|---|---|---|---|---|---|---|
| **Advances to related parties:** | | | | | | |
| Tabuelan Sea Transport, Inc. (TSTI); Unsecured, non-interest bearing, payable on demand | ₱30,501,313 | ₱19,800,000 | (₱50,301,313*) | ₱- | ₱- | ₱- |
| E.B. Aznar Management Services Corporation (EBAMS); Unsecured, non-interest bearing, payable on demand | 939,227 | - | - | 939,227 | - | 939,227 |
| 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) | - | - | - |

**Collection of ₱19.80 million was through the asset-for-share transaction and was non-cash.*

**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
**JUNE 30, 2026**

| 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
**JUNE 30, 2026**

| 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 | ₱75,000 | (₱62,500) | ₱- | ₱- | ₱1,187,500 |

**AZNAR SHIPPING CORP.**
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**SCHEDULE IV**
**SCHEDULE E**
**LONG-TERM DEBT**
**JUNE 30, 2026**

| 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 | ₱2,448,835 | ₱2,448,835 | ₱-; 10.00%, monthly payment, maturity of December 31, 2026 |
| PN No. 711 | ₱3,981,890 | ₱3,981,890 | ₱-; 10.00%, monthly payments, maturity of April 12, 2027 |
| PN No. 758 | ₱4,859,969 | ₱1,237,211 | ₱3,622,758; 13.50%, monthly payments, maturity of October 1, 2029 |
| PN No. 759 | ₱4,859,969 | ₱1,237,211 | ₱3,622,758; 13.50%, monthly payments, maturity of October 25, 2029 |
| PN No. 760 | ₱9,719,941 | ₱2,474,423 | ₱7,245,518; 13.50%, monthly payments, maturity of October 31, 2029 |
| PN No. 768 | ₱3,121,850 | ₱710,412 | ₱2,411,438; 13.00%, monthly payments, maturity of February 13, 2030 |

*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. 812 | ₱11,152,652 | ₱1,469,879 | ₱9,682,773; 11.50%, monthly payments, maturity of August 11, 2031 |
| **Philippine National Bank** | | | |
| PN 800011960964 | ₱17,414,392 | ₱2,429,916 | ₱14,984,476; 7.75%, monthly payments, maturity of September 3, 2033 |
| PN 800012000825 | ₱2,391,404 | ₱333,684 | ₱2,057,720; 7.75%, monthly payments, maturity of September 3, 2033 |
| PN 800012011715 | ₱47,259,104 | ₱6,594,300 | ₱40,664,804; 7.75%, monthly payments, maturity of September 3, 2033 |
| PN 800012280601 | ₱26,716,342 | ₱3,205,961 | ₱23,510,381; 7.75%, monthly payments, maturity of October 12, 2029 |
| PN 800012447202 | ₱24,786,408 | ₱2,974,369 | ₱21,812,039; 7.75%, monthly payments, maturity of October 12, 2029 |
| PN 800012454862 | ₱16,180,735 | ₱1,814,662 | ₱14,366,073; 7.75%, monthly payments, maturity of May 16, 2030 |
| PN 800012456864 | ₱34,002,884 | ₱3,813,408 | ₱30,189,476; 7.75%, monthly payments, maturity of May 16, 2029 |
| PN 800012459182 | ₱11,313,965 | ₱1,268,856 | ₱10,045,109; 7.75%, monthly payments, maturity of May 16, 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 800012467552 | ₱97,167,252 | ₱10,897,262 | ₱86,269,990; 7.75%, monthly payments, maturity of May 16, 2029 |
| PN 800012500459 | ₱862,438 | ₱96,722 | ₱765,716; 7.75%, monthly payments, maturity of May 16, 2030 |
| PN 800012500527 | ₱4,525,018 | ₱2,172,009 | ₱2,353,009; 7.75%, monthly payments, maturity of July 6, 2028 |
| PN 800012507939 | ₱32,153,398 | ₱3,858,408 | ₱28,294,990; 7.75%, monthly payments, maturity of October 12, 2029 |
| PN 800012639014 | ₱93,833,592 | ₱11,260,031 | ₱82,573,561; 7.75%, monthly payments, maturity of October 12, 2029 |
| PN 800012649240 | ₱3,519,968 | ₱422,396 | ₱3,097,572; 7.75%, monthly payments, maturity of October 12, 2029 |
| PN 800012649374 | ₱4,166,667 | ₱1,666,667 | ₱2,500,000; 7.75%, monthly payments, maturity of December 18, 2028 |
| PN 800012689356 | ₱1,146,419 | ₱388,843 | ₱757,576; 11.69%, monthly payments, maturity of February 2, 2029 |
| **Bank of the Philippine Islands** | | | |
| PN 34887373 | ₱4,500,000 | ₱4,500,000 | ₱-; 7.25%, single payment due on maturity of August 27, 2026 |
| PN 5229256 | ₱19,800,000 | ₱19,800,000 | ₱-; 7.25%, single payment due on maturity of October 2, 2026 |
| **Total** | **₱481,885,092** | **₱91,057,355** | **₱390,827,737** |

**AZNAR SHIPPING CORP.**
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## SCHEDULE IV
## SCHEDULE F
## INDEBTEDNESS TO RELATED PARTIES
## (LONG-TERM LOANS FROM RELATED COMPANIES)
**JUNE 30, 2026**

| Name of the Related Party | Balance at beginning of period | Balance at end of period |
|---|---|---|
| E.B. Aznar Shipping Corporation (EBASCO)<br>The advances are unsecured, non-interest bearing and payable on May 1, 2028 | ₱- | ₱64,963,793 |

**AZNAR SHIPPING CORP.**
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## SCHEDULE IV
## SCHEDULE G
## GUARANTEES OF SECURITIES OF OTHER ISSUERS
**JUNE 30, 2026**

| 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**
**JUNE 30, 2026**

| | 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 | 320,000,000 | 260,004,000 | - | 170,000,000 | 90,004,000 | (a) Stock split |

**AZNAR SHIPPING CORP.**
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## SCHEDULE V
## SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
**JUNE 30, 2026**

| | Current Year | Prior Year |
|---|---|---|
| **Total Audit Fees** | **₱650,000** | **₱450,000** |
| Non-Audit services fees: | | |
| Other assurance services | 700,000 | - |
| Tax services | - | - |
| All other services | - | - |
| **Total Non-Audit Fees** | **700,000** | **-** |
| **Total Audit and Non-Audit Fees** | **₱1,350,000** | **₱450,000** |

**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** | **₱-** | **₱-** |