COVER SHEET

40524

SEC Registration Number

MACROASIA CORPORATION AND SUBSIDIARIES

(Company's Full Name)

7F Ricogen Building 112 Aguirre Street Legazpi Village, Makati City

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

Amador T. Sendin	8840-2001
(Contact Person)	(Company Telephone Number)

06 / 30	17-Q	
Month Day (Calendar Year)	(Form Type)	Month Day (Annual Meeting)

NA

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

851

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

MACROASIA CORPORATION
June 30, 2025

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

1. For the quarterly period ended **June 30, 2025**

2. Commission Identification Number **40524** 3. BIR tax Identification No. **004-666-098-000**

4. Exact name of issuer as specified in its charter **MACROASIA CORPORATION**

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] **(SEC Use Only)**
Industry Classification Code

7. **7th Floor Ricogen Building, 112 Aguirre Street Legazpi Village, Makati City** — **1229**
Address of Issuer's Principal office — Postal Code

8. **(632) 8840-2001**
Issuer's telephone number including area code

9. **N/A**
Former name, former address, and former fiscal year, if changed since last report

a) Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱1 par value	**1,890,958,323 Outstanding shares**

b) Are any or all of the securities listed on a Stock Exchange?

Yes [**X**] No [ ]

Name of Stock Exchange	Class
Philippine Stock Exchange	**Common Stock**

12. Indicate by check mark whether the registrant:
(a) has filed all reports required to be filed by Section 17 of the Code and RSA Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports);

Yes [✓] No [ ]

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

Yes [✓] No [ ]

MACROASIA CORPORATION
AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Second Quarter and Period Ended June 30, 2025

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Our unaudited condensed consolidated financial statements include the accounts of MacroAsia Corporation and its subsidiaries, collectively referred to as the “the Group” or “MacroAsia Group” in this report.

The unaudited condensed consolidated financial statements for the second quarter ended June 30, 2025 have been prepared in accordance with Philippine Accounting Standard 34, Interim Financial Reporting. Accordingly, the unaudited condensed consolidated financial statements which are filed as Annex 1 of this report, do not include all the information required by generally accepted accounting principles in the Philippines (Philippine GAAP) for complete financial statements as set forth in the Philippine Financial Reporting Standards (PFRS).

DISCUSSION AND ANALYSIS (MD&A) OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The main objective of this MD&A is to help the readers understand the dynamics of our Group’s businesses and the key underlying factors for our financial results. Hence, our MD&A is comprised of discussions about our core business units and our analysis of the results of their operations.

This section also focuses on key statistics from the unaudited condensed consolidated financial statements and discusses known risks and uncertainties relating to the aviation and other industry in the Philippines where we operate during the stated reporting period. However, our MD&A should not be considered all inclusive, as it excludes unknown risks, uncertainties and changes that may occur in general, economic, political and environmental conditions after the stated reporting period or after the date of this report.

Our MD&A should be read in conjunction with our unaudited condensed consolidated financial statements and the accompanying notes. All financial information is reported in Philippine peso (₱), unless otherwise stated.

Any references in this MD&A to “the Parent Company”, “MAC”; or “the Corporation” means MacroAsia Corporation and references to the “MacroAsia Group” or “the Group” means MacroAsia Corporation and its subsidiaries/associates.

Additional information about the Group, which includes annual and quarterly reports can be found in our corporate website, *www.macroasiacorp.com*.

BUSINESS OVERVIEW

A. MacroAsia Corporation: Parent Company as a Holding Company

MacroAsia Corporation (MAC) traces its origins to Infanta Mineral & Industrial Corporation (IMIC), which was incorporated in the Philippines on February 16, 1970, to engage in geological exploration and development. During the 1970s, IMIC operated the Infanta Nickel Mine in Brooke's Point, Palawan, exporting nickel ore to Japan until commercial mining operations ceased due to declining nickel prices. On January 26, 1994, the company amended its Articles of Incorporation to shift its primary purpose from geological exploration to becoming a holding company, rebranding itself as Cobertson Holdings Corporation. A year later, on November 6, 1995, the Securities and Exchange Commission (SEC) approved another amendment, officially renaming the company **MacroAsia Corporation**.

MacroAsia Corporation commenced commercial operations as a holding company in 1996. It has since focused its investments on aviation services, non-airline food services, and water concessions and utilities through its subsidiaries and affiliates. Today, the company's revenues are primarily driven by food and aviation-related support businesses which includes aircraft maintenance, repair, and overhaul (MRO), in-flight catering, airport ground handling, and an aviation training school and commissary operation. It operates a special economic zone at Ninoy Aquino International Airport (NAIA). Beyond the aviation sector, MacroAsia generates revenue from institutional food catering and water concession and utility services.

For the last three years as of reporting date:

- MAC and its subsidiaries/associates have not been involved in any bankruptcy, receivership, or similar proceedings.

- During this period, MAC and its related entities also had no material reclassifications, mergers, consolidation or purchase of significant amount of assets not in the ordinary course of business;

- None of the companies issued debt securities like bonds or offered company securities to the investing public; and

- As a services provider, there were no material or major expenses for research and development.

B. Strategic Business Units

The Company's key business groups representing each of its strategic business units (SBU) are as follows:

1) **Food Services -** this refers to food products and services utilizing MAC-owned facilities or those of clients which MAC subsidiaries are designated to operate.

Name of Company	*Products and Services*	*Business Development (Last 3 years)*
a. **MacroAsia Catering Services, Inc. (MACS)**: 67% owned by MAC; 33% owned by SATS, Singapore. This subsidiary was incorporated on October 25, 1996. This JV competes with another inflight company in NAIA.	Provides airline catering to majority of foreign airlines operating in NAIA, Philippines, and also services the catering requirements of institutional clients.	This foreign airline kitchen continues to be the largest and preferred caterer for international carriers at NAIA, delivering 2.2 million meals as of year-to-date June 2025, compared to 2.0 million in the same period of 2024 and 1.9 million in 2023 (6 months comparable period). As of June 2025, this kitchen had 523 total staff.
b. **MacroAsia SATS Inflight Services Corp. (MSISC)**. This company is 67% owned by MAC; 33% owned by SATS, Singapore.* It was incorporated on May 16, 2016.	Operates solely the PAL Inflight Kitchen near NAIA Terminal 2 since March 2019, and as such, depends only on the catering requirements of Philippine Airlines, a related party, in its base in NAIA.	The PAL Kitchen generated sales volume of 3.7 million meals as of year-to-date June 2025, 3.3 million in 2024 and 3.4 million in 2023 (6 months comparable period). As of June 2025, this kitchen had 704 total staff.
c. **MacroAsia SATS Food Industries Corporation (MSFI).** This company is 67% owned by MAC; 33% owned by SATS, Singapore.* This JV associate was incorporated on July	This company operates a commissary/central kitchen in a MacroAsia-owned land in Muntinlupa City. It provides food products mostly to non-airline clients (institutional/business accounts). It also performs food services management in several facilities (like	Focusing on non-airport meal sales, its equivalent sales volumes is 7.2 million meals as of year-to-date June 2025, 6.1 million in 2024 and 5.8 million in 2023 (6 months comparable period). As of June 2025, this central kitchen and its

14, 2015. The market for this business is fragmented and MSFI is one of the bigger service providers, winning various tenders it has been joining.	banks, head office buildings, etc.).	related locations had 590 total staff.
d. **Cebu Pacific Catering Services, Inc. (CPCS).** This company is 40% owned by MAC, 40% by Cathay Pacific Catering Services of Hongkong and 20% by MGO Group of Cebu. There is no inflight catering kitchen in Mactan, Cebu Airport competing with CPCS.	The JV operates an inflight kitchen in the Mactan Economic Processing Zone near Mactan, Cebu Intl Airport. It is the sole inflight kitchen in Mactan, Cebu and services domestic and foreign airlines operating out of the airport.	This inflight kitchen generated volumes of 259,691 meals sold as of year-to-date June 2025, 199,706 in 2024, and 42,815 in 2023 (6 months comparable period). The inflight kitchen was under care and maintenance in 2021 and 2022 due to minimal airline passenger catering in the airport during those years. As of June 2025, this kitchen had 120 total staff.

* *On September 12, 2024, during the Special Stockholders' Meeting of MACS, 67% owned subsidiary of MAC and 33% owned by SATS Ltd., its stockholders approved the declaration of property dividends which consist of shares of stocks at cost of MACS' two subsidiaries MSISC and MSFI. Last June 4, 2025, the Securities and Exchange Commission has approved the Property Dividends of MacroAsia Catering Services, Inc. The said approval has transferred the ownership of MSFI and MSIS shares from MACS to MAC & SATS. This transaction is part of the move to make MSFI (the Commissary) as the mother entity for the food group - under it shall be the 2 inflight kitchens (MACS and MSIS) as its subsidiaries.*

<u>Sources and Availability of Raw Materials:</u>

The majority of raw materials are sourced locally; however, select imported ingredients are utilized to meet the specialized menu requirements of airline clients. Over the past three years, meal production has remained uninterrupted despite occasional supply constraints. In instances of temporary unavailability, approved substitute items are provided in close coordination with clients. Moreover, MACS holds a bonded warehouse license, enabling the duty- and tax-free importation of raw materials, provided that the finished meals are re-exported to airline customers.

Government Approval/Concessions:
The facilities used by the foreign airlines kitchen (MACS) and the PAL kitchen (MSISC) are government-owned properties located within the airport and are operated under lease agreements. The lease for MACS is renewed periodically. Additionally, MACS, MSISC, and CPCS are accredited by the respective airport authorities—Manila International Airport Authority (MIAA) or Mactan-Cebu International Airport Authority (MCIAA)—as concessionaires authorized to operate within airport premises.

Risks and Opportunities:
Over the past three years, the primary risk faced by the food business units arose from government-imposed mobility restrictions aimed at containing COVID-19. These limitations on airline travel—from 2020 through early 2023—significantly contracted the airline catering market, placing considerable pressure on the revenues of the three in-flight kitchens. To address this concentration risk, the MAC Food Group strategically diversified its revenue base by expanding into non-airline segments, with a focus on large institutional accounts outside the airport. As of June 30, 2025, non-airline meal sales contributed 31% of the food group's total revenue mix.

On September 9, 2024, the Manila International Airport Authority (MIAA) issued Revised Administrative Order (AO) No. 1, Series of 2024, which took effect 15 days later. This order introduced updated fees and charges for the use of facilities, services, and properties within the Project Land under the Airport Operator's jurisdiction. As a result, the lease rate for most airline catering facilities at NAIA increased to ₱710 per square meter—an elevenfold rise from the September 2024 rate. These lease costs are treated as input costs and are generally passed on to airline clients under "other charges." The Group's airline catering units typically apply an activity-based costing model in pricing discussions, promoting cost transparency and supporting fair margin negotiations.

MSFI, a joint venture between MacroAsia Corporation (67%) and SATS Ltd. of Singapore (33%), will expand its existing facility in Sucat, Muntinlupa by approximately 11,000 square meters, featuring modern cold storage and commissary systems. Upon completion, the upgraded facility will double MSFI's meal production capacity to 90,000 meals per day, enhancing its ability to serve institutional clients. The expansion is expected to be completed within 18 months, aligning with MSFI's strategic focus on operational scalability, enhanced food safety, and service efficiency.

Looking ahead, the airline catering units anticipate growth opportunities with the expected capacity expansion at NAIA through upcoming investments by the airport's private operator. This development is projected to enhance NAIA's role as the Philippines' primary aviation hub, leading to a larger catering market and increased business potential for airline food services.

2) Gateway Services (Groundhandling)

Name of Company	*Products and Services*	*Business Development (Last 3 years)*
a. **MacroAsia Airport Services Corporation (MASCORP)**: 80% owned by MAC; 20% owned by Konoike, Japan. This subsidiary was incorporated on September 12, 1997. This JV competes with several groundhandlers in the Philippines, but this JV has the largest presence in the country, as it operates in 22 airports in the Philippines.	Provides ground handling (pax services, ramp services, baggage and cargo handling, GSE maintenance, other terminal services) to local airline base clients (related parties) and foreign airlines operating in NAIA,	The groundhandling business depends on the number of flights handled in the airport. MASCORP handled 97,641 flights as of year-to-date June 2025, 95,958 in 2024 and 87,140 in 2023 (6 months comparable period). As of June 2025, the company had 9,004 total staff.
b. **MacroAsia Air Taxi Services, Inc. (MAATS).** This is a wholly-owned subsidiary of MAC, that was incorporated on June 4, 1996. Its main business is to service the foreign airline clients of LTP by providing services similar to groundhandling for fixed-based operators.	Represents the heavy base maintenance clients of Lufthansa Technik Philippines with respect to government permits (CAAP, MIAA, BOC, Immigration, etc.). The company also provides fixed-based services.	Its business is dependent on the volume of LTP clients that require the services of MAATS. As of June 2025, this business unit had 7 total staff.
c. **Japan Airport Service Co., Ltd. (JASCO).** This JV is owned 30% by MAC and 70% by Konoike Transport (Japan). It was founded on March 25, 1960. It operates solely in Narita, Japan and competes with other ground handlers in that airport.	Performs ground handling activities (flight operation management, baggage handling, pax assistance services, cabin cleaning, aircraft loading/unloading, cargo/mail handling, in-house GSE maintenance, etc.) in Narita Airport, Japan. It services local Japanese airlines & foreign airlines.	Its business is dependent on the volume of flights of its clients in Narita Airport. It has handled 10,817 flights as of year-to-date June 2025, 8,673 flights in 2024 and 5,635 flights in 2023 (6 months comparable period).

Sources and Availability of Raw Materials:
Ground handling services have no substantial requirements for raw materials, compared to catering.

Government Approval/Concessions:
Ground handling is a regulated airport activity, and leases of spaces from the airport (government-owned), concession licenses and airport passes are required from airport authorities. These are secured by our companies through agreements with airport authorities and payment of concession fees and leases.

Risks and Opportunities:
Over the past three years, the ground handling business faced significant risks stemming from the suspension of regular airline operations due to the pandemic. During this period, airport activity was largely limited to government-arranged repatriation flights. However, by the end of 2024 and continuing into June 2025, flight volumes at major airports had rebounded, with domestic travel in particular reaching—or even surpassing—pre-pandemic levels.

In the last quarter of 2024, operating costs at NAIA—including airport passes, office leases, and other related expenses—increased following the implementation of revised rates by the Manila International Airport Authority (MIAA) and its private concessionaire-operator. These additional costs are currently being factored into ground handling rate negotiations with airline clients. According to official statements from airport authorities, planned infrastructure investments at NAIA are expected to support continued growth in flight and passenger volumes in the coming years. This anticipated expansion presents a significant opportunity for ground handling providers such as MacroAsia, as rising air traffic will drive increased demand for aviation support services.

Japan’s aviation market continues to thrive, driven by record-breaking inbound tourism in April and May 2025. JASCO is leveraging this favorable market environment to secure improved unit rates and attract new passenger flight contracts. The additional revenues generated will be used to enhance employee compensation and support recruitment efforts to meet growing operational needs.

3) Aircraft MRO (Aircraft Maintenance, Repair and Overhaul)

Lufthansa Technik Philippines, Inc. (LTP), an associate, was incorporated in December 1999, to do aircraft maintenance, repair and overhaul (MRO) in NAIA. MAC owns 49% of this JV, while Lufthansa Technik AG of Germany owns 51%.

LTP offers a wide range of aircraft MRO services to customers worldwide. As one of the 30 affiliates and subsidiaries within the Lufthansa Technik network, the company is committed to ensuring that every aircraft that comes out of its hangars reflects the world-renowned Lufthansa Technik standard of quality, safety and reliability. LTP competes with other regional MRO providers like in Singapore or Hongkong, but its advantage is the vast network of Lufthansa plus its Filipino workforce.

LTP specializes in base maintenance checks for the A320 family, A330, A340, A380 and B777 aircraft types, including major modifications, cabin reconfiguration/retrofit programs, and lease return checks. It is equipped with scalable docking systems, which can accommodate different aircraft types. Its facility can fit three A380s comfortably for simultaneous base maintenance checks.

LTP's maintenance base is located within an economic zone at the country's main international gateway, NAIA. It also has maintenance stations in Cebu, Clark, Davao, and Kalibo. The Philippines is strategically located in Southeast Asia – main Asian hubs such as Hong Kong and Singapore are within a 4-hour flight radius.

The Civil Aviation Authority of the Philippines (CAAP), United States-FAA, the European Union EASA, CASA Australia, Japan CAB, Korea MOLIT and other aviation authorities worldwide have certified LTP as an approved maintenance organization for aircraft MRO services. Meanwhile, its technical services group is certified to operate as a Design Department under Lufthansa Technik AG's Design Organization Approval (EASA.21J.019).

Acquiring and retaining the right and qualified talents are key to success for LTP. The company's growth is supported by a 3,216-strong headcount – a combination of highly skilled English-speaking mechanics, engineers and support personnel.

Business Development

LTP's main service products are line maintenance and base maintenance. In June 2025, it serviced 45 aircraft fleet for line maintenance and booked 0.75 million engineering hours for base maintenance. In June 2024, base maintenance hours were at 0.63 million hours, while 0.55 million hours were recorded in 2023.

Sources and Availability of Raw Materials:

As a service provider, the aircraft parts are mostly the responsibility of the airline client. LTP has the ability to assist its clients to source for spare parts.

Government Approval/Concessions:

Maintenance, Repair, and Overhaul (MRO) is a highly regulated industry that requires certifications from aviation authorities and government agencies. Lufthansa Technik Philippines (LTP) operates its facilities on government-owned land within an ecozone managed by MacroAsia Properties Development Corporation (MAPDC).

MAPDC holds a lease agreement for the land, which is set for a 25-year term, beginning on September 1, 2000, and renewable for another 25 years at MAPDC's option subject to mutually agreed terms and conditions. In accordance with this arrangement, MAPDC has a sublease agreement with LTP that mirrors the lease terms with the government. MAPDC, as PEZA developer/operator of the ecozone, and LTP, as its sole locator, are actively engaging with authorities to negotiate the renewal of the ecozone lease, which will likely result into higher rental costs for the ecozone and LTP.

Risks and Opportunities:

Over the past three years, Lufthansa Technik Philippines (LTP) has faced significant challenges due to global aviation industry constraints. During the pandemic, mobility restrictions and the temporary suspension of aircraft operations led to a decline in MRO (Maintenance, Repair, and Overhaul) activity, forcing LTP to reduce its workforce, including the release of skilled mechanics. However, as demand for aircraft maintenance rebounded in 2024, LTP ramped up its recruitment efforts to meet the growing workload in its hangar facilities. As of June 2025, LTP employed 3,216 personnel.

The lease renewal for the ecozone where LTP operates is scheduled for 2025, with an expected increase in lease rates. While LTP may pass these additional costs onto its airline MRO clients, significant lease hikes could impact some customers—particularly those airlines that do not operate in the Philippines, as they would not directly benefit from capacity enhancements at NAIA. In preparation for the lease renewal, both MacroAsia and LTP are engaged in discussions with authorities to negotiate key terms for the new agreement.

At the same time, with the growing demand for MRO services, LTP is exploring expansion opportunities in Clark, Pampanga. As the MacroAsia ecozone in Manila reaches full development and faces space constraints, this strategic move would enable LTP to address the increasing maintenance needs beyond NAIA.

4) Property and Ecozone Development

MacroAsia Properties Development Corporation (MAPDC) is a wholly-owned subsidiary of MacroAsia Corporation. It started commercial operations as a real estate developer in June 1996. After completion of its warehouse condominium project in Muntinlupa in 1997, the Company suspended its operation. Three years after, the Company re-started its commercial operations, this time as a developer and operator of the MacroAsia Special Economic Zone, the only special economic zone at Ninoy Aquino International Airport (NAIA). It houses Lufthansa Technik Philippines, Inc. for the period of 25 years.

In Mactan, Cebu, MAPDC also developed the MacroAsia Cebu Special Ecozone in 2018. This ecozone which is inside the airport, similar to Manila, is designated as a special ecozone for aviation-related services.

The Company is also operating a wastewater treatment and a water recycling facility for non-domestic water supply within the special economic zone in NAIA since 2011. With experience gained from this project, MAPDC has pursued water resources development projects in areas outside Metro Manila – Boracay Island, Nueva Vizcaya and Cavite.

The company owns a parcel of land in Muntinlupa City, a portion of which has been developed to house the central kitchen or commissary being run by MSFI. Such building and land is being leased by MAPDC to MSFI. MAPDC also owns other properties that it is leasing out to related parties like SNV Resources Development Corporation (SNVRDC) and to Summa Water Resources, Inc. (SWRI).

The company is generally not dependent on raw materials availability in the pursuit of its business.

The two (2) ecozones it administers (NAIA and Mactan, Cebu) are dependent on government leases for the land. Due to the nature of its business (leasing), MAPDC's business is relatively flat, as growth is dependent on increasing lease rates or making available more properties for lease. MAPDC is not into the business of developing properties and selling these, but simply focuses on supporting the property requirements of related parties.

5) Pilot School

First Aviation Academy Inc. (FAA) was incorporated on December 5, 2017, and officially inaugurated its training facility in March 2019 at Subic Bay International Airport, serving as an aviation career and resource center. Established to address the global shortage of professional pilots, FAA operates as a joint venture flight school between MacroAsia Corporation (51%) and PTC Holdings Corporation (49%).

FAA specializes in ab initio pilot training, certification, and aviation-related career development courses. Graduates earn a Private Pilot License (PPL) and may also obtain additional certifications such as Instrument Rating (IR), Multi-Engine Rating (MER), or a Commercial Pilot License (CPL). Top-performing graduates have the opportunity to become Flight Instructors (FI), allowing them to build flight hours while refining their teaching skills.

The academy operates a fleet of TECNAM and CESSNA aircraft along with multiple flight simulators. In June 2021, FAA acquired nine Cessna 172 aircraft and one Redbird Flight Simulator from the former Philippine Airlines Aviation School (PALAV) to expand its training capacity. Additionally, the introduction of a newly built ATPT Sim trainer enhances the program by preparing students for flying sophisticated Airbus aircraft, providing an essential foundation before undertaking a Type Rating Course to become airline pilots.

With an expanded fleet and enhanced training capabilities, FAA continues to strengthen its role as a key pilot training institution and one resource provider for the aviation industry. In 2025, the school is introducing night flight training in Subic Bay International Airport, a new program for the academy. It will also introduce the ICAO-led competency-based training and assessment (CBTA) program to all students who are in the flight training stages.

As of June 30, 2025, 2025, FAA employed 47 staff members and had 106 pilot trainees. FAA operates in a highly regulated environment, requiring certifications from the Civil Aviation Authority of the Philippines (CAAP) and other relevant government bodies. Currently, there are no existing or anticipated government regulations that could negatively impact FAA's operations. Additionally, FAA did not incur any research and development expenditures over the past three fiscal years.

6) Water Concessions and Utilities

Name of Company	***Products and Services***	***Business Development (Last 3 years)***
a. **Boracay Tubi System, Inc. (BTSI)** This JV operates as one of two water providers in Boracay Island. MAPDC owns 67% of this JV, which has been operating in the Island for more than 20 years. It holds three (3) water rights and has a Certificate of Public Convenience (CPC) from the National Water Resources Board (NWRB). BTSI is currently serving more than 40% of water demand in the island of Boracay. BTSI also has 80% ownership in Monad Water Sewerage Systems, Inc. (MONAD), a water and waste water service provider exclusively serving Barangay Yapak, Boracay Island, and 100% ownership in New Earth Water System, Inc. (NEWS), a company that has secured water rights and Certificates of Public	The JV provides potable water to residents and commercial establishments, as well as manages the septage of commercial clients. It also provides raw and treated bulk water supply to some areas in Boracay Island. It extracts water through river sources near Caticlan, Aklan and transfer these through submarine pipelines for treatment in Boracay Island.	The KPI for this business is measured in terms of water sales in million of liters per day (MLD). These were 7.1 MLD in June 2025, 6.9 MLD in 2024 and 6.1 in 2023 (6 months comparable period). As of June 2025, BTSI had 99 staff.

Convenience in Visayas and Mindanao.		
b. **Naic Water Supply Corp. (NWSC)** This is a wholly-owned subsidiary of MAPDC. It was incorporated on September 4, 2003 and services the town of Naic and nearby areas.	The company provides treated potable water drawn through deep wells to residents and commercial establishments in Naic, Cavite and nearby subdivisions.	The KPI for this business is measured in terms of water sales in million of liters per day (MLD)., which stands at 12.5 MLD in June 2025, 12.0 MLD in 2024 and 10.8 in 2023 (6 months comparable period). As of June 2025, this business unit had 77 total staff.
c. **Summa Water Resources, Inc. (SWRI)**. This JV is owned 60% by Allied Water Services, Inc. (100% owned by MAC). It is an Original Equipment Manufacturer (OEM) supplying a full line of standard and fully customizable water and wastewater treatment systems, and also provides treated bulk water supply to several clients.	Supplied of water treatment equipment and bulk water to private & government entities in the Philippines (Bulacan, Iloilo, Albay, Cavite, Bataan, Bacolod, etc.)	For its bulk water supply business, it has supplied 3.7 MLD in June 2025, 3.6 MLD in 2024 and 3.8 in 2023 (6 months comparable period). The more significant topline growth for this JV is in its equipment sales contracts, mostly with government entities. As of June 2025, the company had 61 staff.
d. **SNV Resources Devt Corporation (SNVRDC)** This is owned 100% by MAPDC. It started as a greenfield project to build and operate a complete water works system in Solano, Nueva Vizcaya. From 0 accounts in 2016, it	Supply of potable water to households, commercial and government clients in Solano, using water extracted and treated from the Magat River.	Business development is measured in terms of millions of liters per day of water sold, which stands at 3.1 MLD in June 2025, 2.9 MLD in 2024 and 2.6 in 2023 (6 months comparable period). As of June 2025, this business unit had 44

had achieved 5,570 connections as of June 2025.		total staff.
e. **Aqualink Resources Devt Inc. (ARDI)** This is owned 51% by NWSC. This operates the water system for Lancaster New City in Cavite, which spans the areas of Gen. Trias, Imus, Carmona, Bacoor, Kawit and Tanza. It had 43,064 accounts or connections as of June 2025.	Supply of potable water to households and commercial accounts using water extracted and treated from deep well sources.	Business development is measured in terms of millions of liters per day of water sold, which stands at 28.4 MLD in June 2025, 26.8 MLD in 2024 and 25.9 in 2023 (6 months comparable period). As of June 2025, this business unit had 87 total staff.
f. Cavite Business Resources, Inc. (CBRI) This is 67% owned by Naic Water Supply Corporation and 33% by Watergy Business Solutions, Inc. (100% MAPDC. It built the Maragondon Bulk Water Treatment Plant.	Supply of bulk water in Maragondon, through water extracted from Maragondon River.	By August 2024, the Bulk Water Supply Agreement with the Maragondon Water District agreed upon was started.
g. Cavite AlliedKonsult Services Corp. (CAKSC) This is owned 100% by Allied Konsult Eco-Solutions Corporation (60%-owned by Allied Water Services Inc. (100% MAC). It built in Gen. Trias the largest facility for septage treatment in Cavite.	Treatment of septage discharge from households and commercial establishments in Cavite.	By end of 2024, its septage treatment agreements with water providers like ARDI were started.

<u>Sources and Availability of Raw Materials:</u>
The chemicals and supplies for water treatment are usually locally sourced. There were no supply disruptions noted in the last three years. As for equipment, no supply issues were also reported.

Government Approval/Concessions:

The supply of potable water, as well as treatment of septage is highly regulated and should comply with government regulations. Our water business units have permits with the LGUs, National Water Resources Board (NWRB), Laguna Lake Devt Authority, Dept of Health, DENR, etc. as the case may be. Tarriff setting are set often with NWRB in line with investments made by the business unit.

Risks and Opportunities:

Over the past three years, the Group's water business has shown resilience and consistent growth, despite pandemic-related restrictions in various regions across the country. Strong opportunities for further expansion remain, driven by population growth and increasing commercial activity in areas outside Metro Manila. The shift in workplace dynamics—such as the rise of remote work and a growing preference for provincial living during the pandemic—has accelerated migration to these regions, further boosting demand for reliable water services.

An agreement was formally executed by representatives of Cebu Summa Water Lapu-Lapu, Inc. (CSWLL), a wholly owned subsidiary of Summa Water Resources, Inc. (SWRI)—with SWRI being 60% owned by MacroAsia Corporation (MAC) through its subsidiary, Allied Water Services, Inc.—and Security Bank Corporation as the financing institution. This agreement marks a significant milestone in the development of the project's initial phase, which now includes the construction of a 20 million liters per day (MLD) desalination plant in Punta Engaño—an increase from the original plan of 15 MLD—and a 500 cubic meters per day (CMD) desalination facility on Olango Island.

As of the reporting period, the Group is actively developing new water projects in Cebu, Bacolod, La Union, and Pangasinan. However, the revenue impact from these projects is expected to materialize in the second half of 2025 and beyond.

7) Mining

Due to its history as a mining company in the 1970's, MAC had mining rights and permits as part of its assets. The Mineral Production Sharing Agreements (MPSAs) of MAC Parent were transferred to MacroAsia Mining Corporation, a wholly-owned subsidiary. This includes the Infanta Nickel Project in Palawan.

MacroAsia Mining Corporation (MMC) was incorporated on September 25, 2000 to serve as an institutional vehicle through and under which the business of a mining enterprise may be established, operated and maintained.

MMC temporarily focused on providing consultancy and mining exploration services, particularly on nickel areas and projects, in the 2010s. This started in 2013 wherein MMC served the exploration and drilling requirements for the nickel laterite deposits of some of the major nickel producers in the country.

Bulawan Mining Corporation (BUMICO) and Management Development Corporation (MADECOR), former subsidiaries of Philippine National Bank (PNB), have already been transferred to MMC. The former was officially purchased from PNB on November 15, 2018 and is now known as MMC BUMICO. The latter, meanwhile, was acquired on March 2, 2020 and is now called MMC MADECOR. The move is part of a bigger program in the spinning-off of the mining segment of MacroAsia Corporation. The acquisition of BUMICO included its right for their Exploration Permit Application (EXPA 103-VII) over a 506-hectare area in Basay, Negros Oriental. The area has a high potential for copper-gold molybdenum–silver mineralization attracting interest from several mining companies. In addition, MMC BUMICO also inherited the Operating Agreement with Philex Mining Corporation (PMC) in relation to the Bulawan Mining Project. Furthermore, MLC MRD 510 and EP 008-2010-VI which are under an agreement with Philex Gold Philippines, Inc. (PGPI) are now likewise part of the MMC portfolio. MLC MRD 510 is currently under the implementation stage of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP). On the other hand, the application for renewal of EP 08-2010-VI is still pending MGB. Philex has partially submitted the required documents and is in the process of completing the remaining requirements. MMC is also reviewing documents related to this tenement.

On the other hand, MMC MADECOR has acquired EXPA 000100-VI from PNB MADECOR. It is covered by an agreement with PGPI. The said application has been granted Clearance for issuance of the permit based on a July 4, 2019 memorandum from MGB Central Office but subject to several conditions. The First Letter Notice regarding the conditions to be met was communicated to PGPI in July 10, 2020 and forwarded to PNB MADECOR on August 19, 2020. MMC MADECOR, which has acquired PNB MADECOR, then transmitted the required documents to PGPI in September 29, 2020. PGPI has since submitted the documents to MGB Regional Office No. VI on October 14, 2020. MGB Region VI informed PGPI through a May 6, 2022-dated Second Letter Notice of the deficiencies for compliance. The revised tenement map requested by MGB was already submitted last June 15, 2022. The EXPA was eventually approved and registered on December 4, 2024, covering a total area of 3,709.2835 hectares. The official copies of the approved exploration permit, EP No. 11-2024-VI (formerly EXPA 000100-VI) was issued through a January 9, 2025 letter from MGB Region VI.

MMC has exploration permit applications (EXPAs) to mineralized areas in Carigara and Baybay City in Northern Leyte denominated as EXPA 000091-VII and 000092-VII. MGB Regional Office No. VIII has endorsed the Environmental Work Program (EWP) for both EXPAs to the Office of the Director (MGB Central Office) on August 10, 2022.

A joint validation by the MGB, the Department of Agriculture (DA), and MMC representatives was conducted from June 14 to 17, 2023, to assess the proposed exploration areas within the Strategic Agriculture and Fishery Development Zone (SAFDZ), a designated no-go zone. In a letter dated January 22, 2024, the DA recommended allowing MMC to proceed with its exploration permit applications, provided that the identified SAFDZ areas are designated for agricultural research and technology demonstrations.

On May 3, 2024, MMC received the final notice from MGB regarding the remaining mandatory requirements. MMC submitted its response on May 17, 2024.

On June 7, 2019, MAC, executed Deeds of Assignment (DOAs) in favor of MMC, wherein MAC assigned to the latter, all its rights and interests under its Mineral Production Sharing Agreements (MPSA) in Palawan. These DOAs were submitted for approval of the DENR as required by law. The Mines and Geosciences Bureau (MGB-DENR) approved the transfer on February 1, 2021.

The MPSAs that were assigned to MMC are Mineral Production Sharing Agreement (MPSA) Nos. 220-2005-IVB and 221-2005-IVB covering the 1,113.98 and 410.00 hectares, respectively, situated in Brooke's Point Palawan. With the DENR approval, these tenements are now recorded under MMC. The said MPSAs grant the company the exclusive right to explore, develop and commercially utilize nickel, chromite, iron and other associated mineral deposits within the contract area. MMC started discussions with other nickel mine operators to start the operations of at least the nickel mine due to the demand for this mineral for batteries, among others. In response to growing demand, particularly for battery-grade nickel, MMC has initiated discussions with other nickel mine operators to begin mining operations.
On July 29, 2021, MMC signed a memorandum of agreement with Calmia Nickel, Inc. (CNI) for the exploration and eventual mining operations of the Infanta Nickel Project (MPSA No. 220-2005-IVB). Confirmatory drilling activities commenced in early November 2021 as part of the due diligence work being conducted by CNI. In response to growing demand, particularly for battery-grade nickel, MMC has initiated discussions with other nickel mine operators to begin mining operations.

The Environmental Compliance Certificate (ECC) was issued on December 1, 2023, following DENR MIMAROPA's certification that the MPSA is outside the Mt. Mantalingahan Protected Landscape (MMPL). This certification was provided in lieu of the PAMB Clearance, along with the submission of the Negotiated Sustainability and Resilience Agreement (NSRA) to demonstrate MMC's environmental commitments.

Regulatory approvals continue to progress. The National Commission on Indigenous Peoples (NCIP) Commission En Banc endorsed and recommended the issuance of the Certification Precondition for MPSA No. 220-2005-IVB on December 27, 2022. Additionally, the Palawan Council for Sustainable Development (PCSD) granted the

SEP Clearance on June 24, 2022. The Technical Description of the SEP Clearance was approved on September 9, 2024 and was received by MMC on April 3, 2025.

A significant development occurred on February 29, 2024, when MGB MIMAROPA issued a resolution on the boundary dispute between MMC and Celestial Nickel Mining Exploration Corporation (CNMEC). MGB awarded 37.7 hectares of the disputed 44 hectares to MMC. In a letter dated May 20, 2024, MGB MIMAROPA forwarded the amended technical description of the MPSA's principal corners, requiring both companies to conduct a re-survey to delineate the adjusted boundaries. The re-survey was completed in early September 2024, followed by a joint site validation led by MGB MIMAROPA form October 21 to 24, 2024. The approved Amended Mineral Survey Plan was officially granted on November 29, 2024.

MMC submitted the requirements for the Third Renewal of the Exploration Period under MPSA No. 221-2005-IVB on July 31, 2023. The company addressed the remaining deficiencies in its application on June 5, 2024. Additionally, on June 11, 2024, MMC filed a request for the Temporary Suspension of Obligations under the MPSA's Terms and Conditions. A follow-up letter regarding this request was received by the MGB Central Office on September 20, 2024. The request was approved on October 16, 2024.

As of June 30, 2025, MMC has five (5) regular employees.

MMC's present operations do not require the intensive use of raw materials. Therefore, it does not have any major existing supply contracts.

MMC is not aware of any other existing or probable government regulations that may have any adverse effects on its business. MMC does not have any other significant agreements or patents, copyrights, licenses, franchises, concessions, or royalty agreement. It did not incur any research and development costs during the last three fiscal years.

8) IT Services, Connectivity and Radio Trunking

This business segment focuses on the integration of information technology and connectivity in the MAC Group and its partners. It also entails the operationalization of the digital trunk radio in the airport, utilizing the frequency allocated by NTC for purposes of the aviation-related activities of the Group.

Tera Information and Connectivity Solutions, Inc. (TERA) is a fully owned subsidiary of MAC and was incorporated on February 11, 2021. TERA was established with the main objective of serving as the Technology and Tier 1 Service Provider (In-house) of the whole MacroAsia Group. The pivot to ICT services is a necessity made evident by COVID19 and presents various opportunities that MAC can take advantage and capitalize on. Among the services that TERA will provide include information management, data connectivity, radio trunking and managed services. In 2024, the company has completed the construction of a conduit or HDPE, and containerized data center project in Lancaster New City.

There are no existing or probable government regulations that may have an adverse effect on TERA operations. TERA did not incur any research and development expenditures during its first year from incorporation.

Key Performance Indicators

The Group uses the following major performance measures. The analyses are based on comparisons and measurement on financial data of the current period against the same period of the previous year.

PARTICULARS	***June 30, 2025***	*June 30, 2024**
Return on Net Sales (RNS)	**16.15%**	14.94%
Return on Investment (ROI)	**7.01%**	7.38%
Return on Equity (ROE)	**11.88%**	12.26%
Direct Cost Ratio	**77.68%**	76.40%
Operating Expense Ratio	**15.71%**	12.82%
Current Ratio	**1.64 : 1**	1.44 : 1
Debt-to-Equity Ratio	**26.85%**	13.25%
Interest Coverage Ratio	**16.17: 1**	12.69: 1
Asset-to-Equity Ratio	**1.88 : 1**	1.88 : 1
Return on Asset (ROA)	**5.06%**	5.057%

**Comparative KPI presented for the period June 30, 2024 excludes one-off item/non-recurring income recognized by one of the Group's business segments.*

- The **Return on Net Sales (RNS)** observed changes from **14.94%*** in 2024 to **16.15%** as of June 30, 2025. This improvement in the consolidated RNS is primarily driven by higher revenues generated by the Group's operating subsidiaries, as well as greater share in the net income of associates in the current year, compared to the same period in the previous year.
- The **Return on Investment (ROI)** ratio moved from **7.38%*** to **7.01%**, reflecting the Group's financial performance, as detailed below.
- **Return on Equity (ROE)** stands at **11.88%** in June 30, 2025 compared to **12.26%*** for the same period of 2024.
- The **direct cost ratio** increased from **76.40%*** to **77.68%** for 2025 reflecting the improvement in business activities of the Group.
- The **operating expense ratio** increased from **12.82%*** to **15.71%** for 2025, aligned with business volume growth and the rise in operational costs.
- The Group maintains a **healthy current ratio,** demonstrating its solid ability to meet current liabilities, with an adequate portion of current assets held as cash. Current ratio stands at **1.64:1** compared to **1.44:1*** same period last year.
- **Debt-to-equity ratio** stands at **26.85%** for 2025 from **13.25%*** the same period last year. This reflects the net increase of loans that remained outstanding at period end, against the equity increased due to net income earned during the current year.
- With positive operating results, the Group can comfortably cover interest payments on its debts. **Interest coverage ratio** increased from **12.69:1*** to **16.17:1** for June 30, 2025.

- The ratio between **total assets to total equity** indicates that the Group's assets are primarily supported by shareholders' capital rather than debt. The **asset-to-equity ratio** remains at **1.88:1** in 2025 and for the same period in 2024*.
- **Return on Assets (ROA)** of **5.060%** in 2025, increased from **5.057%*** in 2024, showing the Group's sustained profitability in relation to its assets.

The indicators above are measured as follows:

1. Return on Net Sales = $\dfrac{\text{Total Net Income}}{\text{Total Net Revenues}}$

2. Return on Investment = $\dfrac{\text{NI attributable to Equity holder of Parent}}{\text{Total Interest-bearing Liabilities + Equity attributable to Equity holder of Parent}}$

3. Return on Equity = $\dfrac{\text{Total Net Income}}{\text{Total Equity}}$

4. Direct Cost Ratio = $\dfrac{\text{Total Direct Cost}}{\text{Total Net Revenues}}$

5. Operating Expense Ratio = $\dfrac{\text{Total Operating Expenses}}{\text{Total Net Revenues}}$

6. Current Ratio = $\dfrac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$

7. Debt-to-Equity Ratio = $\dfrac{\text{Total Interest-bearing Debts}}{\text{Total Equity}}$

8. Interest Coverage Ratio = $\dfrac{\text{Total Earnings before Interest and Taxes}}{\text{Interest Expense}}$

9. Asset-to-Equity Ratio = $\dfrac{\text{Total Assets}}{\text{Total Equity}}$

10. Return on Asset = $\dfrac{\text{Total Net Income}}{\text{Total Asset}}$

Management's Discussion and Analysis (MD&A)

June 30, 2025 and June 30, 2024
Results of Operations (amounts in ₱ millions)

	Interim Unaudited		Horizontal Analysis		Vertical Analysis	
	1H 2025	1H 2024	Changes	%	1H 2025	1H 2024
REVENUE						
In-flight and other catering	**2,347.9**	2,146.8	201.1	9%	49%	45%
Ground handling and aviation	**2,073.4**	2,229.2	-155.8	-7%	43%	47%
Water distribution	**364.0**	339.0	25.0	7%	8%	7%
Connectivity and technology services	**0.0**	43.6	-43.6	-100%	0%	1%
Administrative fees	**27.4**	26.9	0.5	2%	0%	0%
	4,812.6	4,785.5	27.1	1%	100%	100%
DIRECT COSTS AND EXPENSES						
In-flight and other catering	**1,620.7**	1,458.7	162.0	11%	34%	30%
Ground handling and aviation	**1,876.7**	1,736.0	140.6	8%	39%	36%
Water distribution	**205.4**	184.5	20.9	11%	4%	4%
Connectivity and technology services	**0.0**	31.4	-31.4	-100%	0%	1%
Administrative fees	**35.5**	33.6	1.9	6%	1%	1%
	3,738.3	3,444.3	294.0	9%	78%	72%
GROSS PROFIT	**1,074.3**	1,341.2	-266.9	-20%	22%	28%
SHARE IN NET EARNINGS OF ASSOCIATES	**611.0**	349.7	261.3	75%	13%	7%
	1,685.3	1,690.9	-5.6	0%	35%	35%
OPERATING EXPENSES	**756.0**	598.7	157.3	26%	16%	13%
INCOME FROM OPERATIONS	**929.3**	1,092.2	-162.9	-15%	19%	23%
OTHER INCOME (CHARGES)						
Interest income	**13.9**	16.7	-2.8	-17%	0%	0%
Financing charges	**-58.8**	-69.2	10.4	-15%	-1%	-1%
Foreign exchange gain (loss) - net	**-10.2**	13.2	-23.4	178%	0%	0%
Others - net	**17.9**	15.1	2.7	18%	0%	0%
	-37.3	-24.2	-13.1	54%	-1%	-1%
INCOME BEFORE INCOME TAX	**892.0**	1,068.0	-176.0	-16%	19%	22%
PROVISION FOR INCOME TAX	**114.9**	218.9	-104.0	-47%	2%	5%
NET INCOME	**777.1**	849.1	-72.0	-8%	16%	18%
Net income attributable to:						
Equity holders of the Company	**679.7**	691.6	-11.9	-2%	14%	14%
Non-controlling interests	**97.4**	157.5	-60.1	-38%	2%	3%
	777.1	849.1	-72.0	-8%	16%	18%

Revenues

- **Food Services and In-flight Catering** contributed 49% of the total revenues, with segment revenue increasing by 9%, from ₱2,146.8 million in 2024 to ₱2,347.9 million in 2025. This growth was driven by a 15% increase in meal count, from 11.36 million to 13.05 million, reflecting sustained growth in meal volume.

- **Ground-handling & Aviation Services** posted revenues of ₱2,073.4 million, from ₱2,229.2 million in 2024, marking a 7% decrease. The total number of flights handled this year was 97,641, increased by 2% from 95,958 in 2024. This segment contributed 43% of the total revenues. Revenue from ground-handling and aviation services also includes **First Aviation Academy (FAA)**. FAA's revenue increased from ₱36.3 million in 2024 to ₱39.8 million in 2025, reflecting relatively stable operating levels during the period.

- **Water Operations** contributed 8% of the total revenues. Revenue increased by ₱25.0 million (7%), from ₱339.0 million in 2024 to ₱364.0 million in 2025. This growth was attributed to a 5% increase in commercial water sales, with billed water volume rising from 9.54 million cu.m. in 2024 to 10.0 million cu.m. in 2025.

  Connectivity and Technology Services did not generate revenue during the year, as operations remained limited following the completion of its most recent engagement in the last quarter of 2024.

- **Administrative Revenues** from the ecozone remained flat as the rates charged remained unchanged. However, there was a ₱0.5 million (2%) increase in revenue, from ₱26.9 million to ₱27.4 million, part of which was due to lease revenue from subleased property in Mactan, Cebu.

Total Direct Costs

Total direct costs for 2025 amounted to ₱3,738.3 million, reflecting an increase of ₱294.0 million (9%) compared to ₱3,444.3 million in 2024. This increase is primarily due to the expansion of business operations across all segments of the Group, with additional cost contributions from rate adjustments within the Project Land managed and controlled by the Airport Operator.

Operating Expenses

Consolidated operating expenses increased by ₱157.3 million (26%), from last year's ₱598.7 million to ₱756.0 million, aligned with the business volume growth and was partly driven by the lease rate adjustment to ₱710 based on updated fees and charges to apply for the use of the facilities, services, and properties within the Project Land under the management and control of the Airport Operator.

Share in Net Earnings of Associates

The share in net income of associates amounted to ₱611.0 million, an increase of ₱261.3 million compared to the same period in the previous year. This reflects MAC's share in the net operating results of its associated companies—LTP, JASCO, and CPCS.

One of the primary contributors to the year-to-date net income for 2025 is the share in net income from Lufthansa Technik Philippines (LTP), amounting to ₱537.8 million, which is ₱247.5 million higher than the ₱290.2 million share in net income in 2024. This significant increase is primarily due to improvements in LTP's base maintenance business.

CPCS, the catering associate in Cebu, contributed ₱20.6 million in net income, up from ₱16.0 million in the same period last year. This increase is attributed to a 30% rise in meal count. MAC holds a 40% share in CPCS's net income.

JASCO, the ground handling associate in Japan, contributed ₱52.6 million in net income, up significantly from last year's net income of ₱43.5 million primarily due to Japan's aviation market experiencing growth. MAC holds 30% share in JASCO's net income.

Other Income (Charges)

Interest Income of ₱13.9 million pertains to income earned from short-term investments.

Financing Charges decreased from ₱69.2 million in 2024 to ₱58.8 million in 2025. This decline reflects a reduction in interest costs associated with outstanding loans, as the Group settlement of currently maturing loans.

The Group recorded a net foreign exchange loss of ₱10.2 million for the period, compared to a gain of ₱13.2 million in the same period last year. This resulted in an unfavorable variance of ₱23.4 million, primarily due to foreign currency fluctuations during the period.

Income Tax

The Group's income tax expense decreased by ₱104.0 million (47%), totaling ₱114.9 million. This decrease is primarily due to lower net income before tax (excluding the share in net earnings of associates, as this is treated as an equity pick-up).

Net Income

The Group recorded a consolidated net income after tax of ₱777.1 million for the first half of 2025, reflecting an 8% decrease from the consolidated net income after tax of ₱849.1 million in the same period last year.

June 30, 2025 and December 31, 2024
Interim Unaudited Statement of Financial Position (amounts in ₱ millions)
(with comparison to Audited December 31, 2024 Statement of Financial Position)

	June 30, 2025	December 31, 2024	Horizontal Analysis Changes	%	Vertical Analysis 2025	2024
ASSETS						
Current Assets						
Cash and cash equivalents	**2,222.2**	1,369.3	852.9	62%	14%	10%
Receivables and contract assets	**2,226.1**	2,202.9	23.2	1%	14%	16%
Inventories	**145.6**	155.4	-9.8	-6%	1%	1%
Other current assets	**900.3**	695.6	204.7	29%	6%	5%
Total Current Assets	**5,494.2**	4,423.1	1,071.0	24%	36%	33%
Noncurrent Assets					0%	0%
Investments in associates	**2,759.6**	2,471.1	288.5	12%	18%	18%
Property, plant and equipment	**3,090.7**	2,496.5	594.2	24%	20%	19%
Net investment in lease	**1,181.3**	1,179.8	1.5	0%	8%	9%
Right-of-use assets	**840.2**	781.9	58.3	7%	5%	6%
Investment property	**143.9**	143.9	0.0	0%	1%	1%
Service concession rights	**432.6**	436.9	-4.3	-1%	3%	3%
Intangible assets and goodwill	**362.4**	365.1	-2.7	-1%	2%	3%
Deferred income tax assets - net	**101.4**	95.8	5.6	6%	1%	1%
Other noncurrent assets	**952.1**	1,023.6	-71.5	-7%	6%	8%
Total Noncurrent Assets	**9,864.1**	8,994.5	869.5	10%	64%	67%
TOTAL ASSETS	**15,358.2**	13,417.7	1,940.6	14%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Notes payable	**519.0**	121.2	397.8	328%	3%	1%
Accounts payable and accrued liabilities	**2,304.3**	2,299.5	4.8	0%	15%	17%
Income tax payable	**119.4**	75.4	43.9	58%	1%	1%
Dividends payable	**17.0**	96.4	-79.4	-82%	0%	1%
Current portion of long-term debts	**337.4**	386.9	-49.5	-13%	2%	3%
Current portion of lease liabilities	**43.4**	43.4	0.0	0%	0%	0%
Total Current Liabilities	**3,340.5**	3,022.9	317.6	11%	22%	23%
Noncurrent Liabilities						
Long-term debts - net of current portion	**1,339.1**	395.4	943.7	239%	9%	3%
Lease liabilities - net of current portion	**2,125.4**	2,049.5	75.9	4%	14%	15%
Accrued retirement and other employee benefits payable	**191.6**	196.6	-5.0	-3%	1%	1%
Deferred income tax liabilities - net	**93.9**	95.8	-2.0	-2%	1%	1%
Other noncurrent liabilities	**90.8**	93.6	-2.8	-3%	1%	1%
Total Noncurrent Liabilities	**3,840.7**	2,831.0	1,009.7	36%	25%	21%
Total Liabilities	**7,181.2**	5,853.9	1,327.3	23%	47%	44%
Equity attributable to equity holders of the Company						
Capital stock - 1 par value	**1,933.3**	1,933.3	0.0	0%	13%	14%
Additional paid-in capital	**281.4**	281.4	0.0	0%	2%	2%
Retained earnings						
Appropriated	**2,940.0**	960.0	1,980.0	206%	19%	7%
Unappropriated	**1,848.5**	3,356.8	-1,508.3	-45%	12%	25%
Other comprehensive income	**-47.3**	-5.2	-42.1	808%	0%	0%
Other reserves	**1,003.0**	1,003.0	0.0	0%	7%	7%
Treasury shares	**-459.4**	-459.4	0.0	0%	-3%	-3%
	7,499.5	7,070.0	429.6	6%	49%	53%
Non-controlling interests	**677.5**	493.8	183.7	37%	4%	4%
Total Equity	**8,177.0**	7,563.7	613.3	8%	53%	56%
TOTAL LIABILITIES AND EQUITY	**15,358.2**	13,417.7	1,940.6	14%	100%	100%

Assets

As of June 30, 2025, the Group's total assets amounted to ₱15,358.2 million, reflecting an increase of ₱1,940.6 million (14%) from ₱13,417.7 million as of December 31, 2024.

- **Cash and Cash Equivalents** totaled ₱2,222.2 million, showing a significant increase of ₱852.9 million (62%) from ₱1,369.3 million. The increase in cash balances is primarily maintained by the Group's operating subsidiaries to meet their current maturing obligations.

- **Receivables and Contract Assets** increased by ₱23.2 million (1%), from ₱2,202.9 million to ₱2,226.1 million, in line with revenue growth during the period. The increase was moderated by effective collection efforts, which helped manage the buildup of outstanding balances.

- **Inventories** amounted to ₱ 145.6 million, consistent with the forecasted inventory level requirements as of June 30, 2025.

- **Other Current Assets** of ₱900.3 million primarily consist of input taxes, creditable withholding taxes, prepaid taxes, unamortized prepayments for insurance, rent, utilities, and unconsumed supplies. Increased by ₱204.7 million, mainly due to increase in Input Vat aligned with the group's business volume growth.

- **Investments in Associates**, accounted for under the equity method, increased by ₱288.5 million (12%), from ₱ 2,471.1 million in 2024 to ₱2,759.6 million as of June 30, 2025. This increase is attributable to the significant aggregate income contribution from associates, offset by the dividends declared by LTP (₱280.3 million), share in translation adjustments (₱42.1 million).

- **Property and Equipment** increased from ₱2,496.5 million in 2024 to ₱3,090.7 million in 2025, reflecting new acquisitions by the Group's catering, ground handling, and water companies, offset by depreciation.

- **Net Investment in Lease** increased by ₱1.5 million, from ₱1,179.8 million in 2024 to ₱1,181.3 million.

- **Right-of-Use (ROU) Assets** increase by ₱58.3 million (7%), bringing the total to ₱840.2 million in 2025, primarily due to new lease agreements this year, offset by the regular amortization of the right-of-use asset over the lease term.

- **Deferred Income Tax Assets** amounted to ₱101.4 million as of June 30, 2025, related to taxes deemed recoverable in future periods. The increase from the same period last year is attributed to temporary differences from leases.

- **Other Noncurrent Assets** decreased by ₱71.5 million, from ₱1,023.6 million in 2024 to ₱952.1 million due to decrease in advances to suppliers.

Liabilities
As of June 30, 2025, the Group's total liabilities amounted to ₱7,181.2 million, reflecting an increase of ₱1,327.3 million (23%) from ₱5,853.9 million as of December 31, 2024.

- **Accounts Payable and Accrued Liabilities** increased by ₱4.8 million, from ₱2,299.5 million in 2024 to ₱2,304.3 million in 2025. The increase is in line with the overall business volume growth, and is reflected in higher payables to third parties, utilities, and government agencies. This was partially offset by settlements made to suppliers, service providers, and for government dues.

- **Notes Payable and Current Portion of Long-Term Debts** increased by ₱348.3 million (69%), from ₱508.1 million to ₱856.4 million. The increase is primarily due to currently maturing loans availed by Group companies for asset acquisitions and business expansion and availment of short-term loans.

- **Income Tax Payable** increased by ₱43.9 million (58%), from ₱75.4 million to ₱119.4 million, in line with the taxable income for the period.

- **Dividends Payable** decreased by ₱79.4 million (82%), from ₱96.4 million in 2024 to ₱17.0 million in 2025. Attributable to unclaimed dividends for the board approved declaration of cash dividends of ₱0.11 per share (₱208.0 million), payable on or before May 21, 2025, to stockholders of record as of April 25, 2025, and previous years' unclaimed dividends.

- **Long-Term Debts (net of current portion)** increased significantly by ₱943.7 million (239%), from ₱395.4 million in 2024 to ₱1,339.1 million in 2025. The increase reflects new loan availments for ongoing projects and operations, net of settlements during the period.

- **Lease Liabilities (net of current portion)** increased by ₱75.9 million, from ₱2,049.5 million in 2024 to ₱2,125.4 million due to new lease agreement during the year.

Equity
As of June 30, 2025, the Group's **total equity** stood at **₱8,177.0 million**, marking an increase of **₱613.3 million (8%)** from **₱7,563.7 million** as of December 31, 2024.

- **Equity attributable to equity holders of the parent** increased by **₱429.6 million (6%)**, from **₱7,070.0 million** to **₱7,499.5 million**. This growth is primarily due to the **net income attributable to equity holders** amounting to **₱679.7 million**, which was recognized under retained earnings. This was partially offset by:

    - **Declared dividends** totaling **₱208.0 million**; and

    - A **₱42.1 million declines** in **other components of equity**, from **(₱5.2 million)** to **(₱47.3 million)**. The decline was mainly due to the Group's **share in foreign currency translation adjustments** of its associates (LTP and JASCO), reflecting adverse movements in **USD and JPY exchange rates** during the period.

- **Non-controlling interests** amounted to **₱677.5 million**, an increase of **₱183.7 million (37%)** from **₱493.8 million** as of December 31, 2024. The increase reflects the proportionate share in the net earnings of subsidiaries with non-controlling interests, including **MACS, MSIS, MSFI, MASCORP, FAA, BTSI**, and **MAPDC subsidiaries with joint venture partners**.

NUMBER OF STOCKHOLDERS

There are 851 stockholders as of June 30, 2025 and December 31, 2024.

OTHER MATTERS

1. **Impact of Airline Operations and NAIA Privatization**
   Passenger load and flight frequency remain the key drivers of revenue for the Group's aviation service units. The anticipated privatization of NAIA operations is expected to lead to increased flight volumes and passenger traffic as airport facilities expand and operational efficiency improves. While operating costs at the airport are projected to rise due to changes under new management and updated lease and fee structures from MIAA, these costs are typically passed on to clients.

2. **Growth Initiatives in the Food Group**
   The Food Group's strategy to diversify its revenue base beyond aviation catering has yielded positive results, with several major accounts already secured and being served. Expansion plans are progressing to grow the Group's geographical footprint outside Metro Manila and to increase production capacity at the Muntinlupa commissary. Contracts are currently being secured to initiate construction within MacroAsia-owned property.

3. **Off-Balance Sheet Arrangements**
   There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships with unconsolidated entities or third parties created during the reporting period.

4. **Capital Commitments**
   There are no significant capital expenditure commitments during the period, except for the Seawater Desalination Plant Project in Lapu-Lapu City, to be undertaken by CSWater Lapu-Lapu, Inc. (CSWLL), a wholly-owned subsidiary of Summa Water Resources, Inc., which is 60% owned by MacroAsia through its wholly-owned subsidiary Allied Water Services, Inc. Project funding will be sourced through a partner bank, and no capital infusion is expected from MAC shareholders. MSFI, a joint venture between MacroAsia Corporation (67%) and SATS Ltd. of Singapore (33%), will expand its existing facility in Sucat, Muntinlupa by approximately 11,000 square meters, featuring modern cold storage and commissary systems. Upon completion, the upgraded facility will double MSFI's meal production capacity to 90,000 meals per day, enhancing its ability to serve institutional clients, aligning with MSFI's strategic focus on operational scalability, enhanced food safety, and service efficiency.

5. **Other Significant Income or Loss Elements**
   No significant income or loss components arose outside of the Group's continuing operations that are not disclosed in the consolidated interim financial statements. The Group is unaware of any future events that could cause material changes in the vertical or horizontal analysis of material items. Furthermore, no substantial seasonal business aspects were noted that would have materially affected the reporting period.

6. **Issuance or Repurchase of Securities**
   The Group did not issue or repurchase any debt or equity securities during the interim reporting period.

7. **Subsequent Events**
No material events have occurred subsequent to the end of the reporting period that would require disclosure in the interim consolidated financial statements.

SIGNATURES

Pursuant to the requirement of Sec 17 of the Code and Sec 177 of the Revised Corporation Code of the Philippines, this report has been reviewed and endorsed by the Audit Committee of MacroAsia Corporation on August 11, 2025, and subsequently approved by the Board of Directors MacroAsia Corporation, and herein signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on August 12, 2025.

MACROASIA CORPORATION
Registrant

By:

EDUARDO LUIS T. LUY
President

AMADOR T. SENDIN
Chief Financial Officer

Annex 1

MACROASIA CORPORATION AND SUBSIDIARIES

Interim Unaudited Condensed Consolidated Financial Statements

June 30, 2025 and 2024 (Unaudited)

and

December 31, 2024 (Audited)

GENERAL INFORMATION

Board of Directors*

Name	Position	Committee Membership
Dr. Lucio C. Tan	Chairman of the Board & Chief Executive Officer	Chairman – Investment Committee
Carmen K. Tan	Director	Member – Investment Committee
Lucio C. Tan III	Director	Member – Related Party Transactions, Compensation and Investment Committees
Eduardo Luis T. Luy	President and Chief Operating Officer	Member – Risk Management, Investment and Mining Committees
Vivienne K. Tan	Director	Member – Audit Committee
Kyle Ellis C. Tan	Treasurer	Member – Investment and Mining Committees
Johnip G. Cua	Director	Chairman – Compensation, Mining and Retirement Plan Committees Member – Audit, Corporate Governance, Related Party Transactions, Investment and Risk Management Committees
Ramon Pancratio D. Dizon	Lead Independent Director	Chairman – Audit Committee Member – Corporate Governance, Related Party Transactions and Risk Management Committees
Diwa C. Guinigundo	Independent Director	Chairman – Corporate Governance and Related Party Transactions Committees Member – Audit, Risk Management, Compensation, Investment, Retirement Plan Committees
Gregorio T. Yu	Independent Director	Chairman –Risk Management Committee Member – Corporate Governance, Related Party Transactions, Compensation, Mining and Investment Committees

**The Directors' term of office is one year. Election for the Board of Directors is conducted during the annual stockholders' meeting held every second Thursday of May.*

Chief Financial Officer, Chief Risk Officer, Senior Vice President - Administration
Amador T. Sendin

Senior Vice President - Human Resources, Legal and External Relations
Atty. Marivic T. Moya

Vice-President - Business Development/ Data Protection Officer
Belgium S. Tandoc

Vice-President – Commercial / Chief Sustainability Officer / Chief Compliance Officer / Corporate Information Officer
Rhodel C. Esteban

Chief Audit Executive
Rubi Ann C. Pioquinto

Corporate Secretary
Atty. Florentino M. Herrera III

Assistant Corporate Secretary
Atty. Mary Rogelyn T. Cabrera

Stock and Transfer Agent
Trust Banking Group
Philippine National Bank (formerly Allied Banking Corporation)
3rd Floor, PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City

Banks

Philippine National Bank
(formerly Allied Banking Corporation)
6754 Ayala Avenue, Makati City

Unionbank of the Philippines
Tektite Building, Ortigas Center, Pasig City

Security Bank
Nieva Branch G1 & G2 Asian Mansion 2,
Dela Rosa cor. Nieva St., Legaspi Village
Makati City

Bank of China
Manila, 28/F The Finance Centre, 26th
Street cor. 9th Avenue, BGC, Taguig City

Asia United Bank
G/F Morning Star Center Building,
Gil Puyat Avenue, Makati City

Philippine National Bank
Makati Aguirre Branch, GF All Seasons Bldg.
112 Aguirre St. Legaspi Village, Makati City

Rizal Commercial Banking Corporation
G/F Sterling Center Ormaza cor
Dela Rosa Street, Legazpi Village, Makati City

Landbank of the Philippines
Virgilio corner Villapa Street
Poblacion, Brooke's Point, Palawan

Philippine National Bank
Tokyo Branch, Mita Kawasaki Building, 2/F,
2-11-15 Mita Minato-ku, Tokyo

Auditors
SyCip Gorres Velayo & Co.
6760 Ayala Avenue, Makati City

MACROASIA CORPORATION AND SUBSIDIARIES

Interim Unaudited Consolidated Statement of Financial Position
(with comparison to Audited December 31, 2024 Statement of Financial Position)

		JUNE 30, 2025 (UNAUDITED)		DECEMBER 31, 2024 (AUDITED)
ASSETS				
Current Assets				
Cash and cash equivalents	₱	**2,222,153,646**	₱	1,369,282,600
Receivables and contract asset		**2,226,088,283**		2,202,872,855
Inventories		**145,607,914**		155,395,494
Input taxes and other current assets (Note 5)		**900,300,521**		695,565,235
Total Current Assets		**5,494,150,364**		4,423,116,184
Noncurrent Assets				
Investments in associates		**2,759,640,705**		2,471,121,451
Property, plant and equipment		**3,090,661,558**		2,496,453,868
Investment property		**143,852,303**		143,852,303
Service concession right		**432,558,336**		436,908,235
Input taxes -net		**60,910,582**		59,582,285
Deferred income tax assets		**101,377,798**		95,809,930
Goodwill and intangible assets		**362,397,584**		365,088,037
Net Investment in the lease		**1,181,260,855**		1,179,796,110
Right of Use Asset		**840,212,813**		781,910,809
Other noncurrent assets		**891,211,317**		964,012,135
Total Noncurrent Assets		**9,864,083,849**		8,994,535,163
TOTAL ASSETS `	₱	**15,358,234,213**	₱	13,417,651,347
LIABILITIES AND EQUITY				
Current Liabilities				
Current loans payable (Note 6)	₱	**856,403,383**	₱	508,105,235
Accounts payable and accrued liabilities		**2,304,305,258**		2,299,534,892
Income tax payable		**119,382,012**		75,445,320
Dividends payable		**16,980,117**		96,402,629
Lease Liabilities Right of use Asset		**43,420,640**		43,420,640
Total Current Liabilities		**3,340,491,412**		3,022,908,716
Noncurrent Liabilities				
Loans payable- net of current portion (Note 6)		**1,339,079,645**		395,420,113
Accrued retirement and other employee benefits payable		**191,588,354**		196,580,540
Deferred income tax liabilities		**93,856,327**		95,827,842
Lease Liabilities Right of use Asset - net of current portion		**2,125,416,897**		2,049,541,788
Other noncurrent liabilities		**90,798,987**		93,627,043
Total Noncurrent Liabilities		**3,840,740,210**		2,830,997,326
Total Liabilities		**7,181,231,621**		5,853,906,042

(Forward)

Equity				
Capital stock - ₱ 1 par value				
Authorized - 2,000,000,000 shares				
Issued and fully paid - 1,933,305,923 shares		**1,933,305,923**		1,933,305,923
Additional paid-in capital		**281,437,118**		281,437,118
Other Reserves		**1,003,041,257**		1,003,041,257
Other components of equity		**(47,343,563)**		(5,212,490)
Retained earnings				
Appropriated		**2,940,000,000**		960,000,000
Unappropriated		**1,848,519,974**		3,356,833,052
Treasury shares		**(459,418,212)**		(459,418,212)
Total equity attributable to equity holders of the parent company		**7,499,542,496**		7,069,986,648
Non-controlling interests		**677,460,096**		493,758,657
Total Equity		**8,177,002,592**		7,563,745,305
TOTAL LIABILITIES AND EQUITY	₱	**15,358,234,213**	₱	13,417,651,347

The notes are integral part of the Interim Unaudited Consolidated Financial Statements

MACROASIA CORPORATION AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the period ended June 30

	APRIL - JUNE		JANUARY -JUNE	
	2025	2024	**2025**	2024
NET SERVICE REVENUE				
In-flight and other catering	₱ **1,201,198,250**	₱ 1,090,313,539	₱ **2,347,861,597**	₱ 2,146,798,560
Ground handling and aviation	**1,034,597,787**	1,217,324,790	**2,033,589,293**	2,192,905,013
Rental and administrative	**13,695,532**	16,977,130	**27,391,064**	26,864,853
Aviation training fee	**18,138,698**	13,756,949	**39,774,515**	36,256,965
Water	**192,414,406**	173,048,916	**364,007,087**	339,004,639
Connectivity and technology services	**-**	42,894,766	**-**	43,646,105
	2,460,044,673	2,554,316,090	**4,812,623,556**	4,785,476,134
DIRECT COSTS				
In-flight and other catering	**829,346,044**	738,532,922	**1,620,730,223**	1,458,685,095
Ground handling and aviation	**944,259,199**	863,640,370	**1,828,745,684**	1,683,243,405
Rental and administrative	**19,650,969**	21,498,083	**35,492,156**	33,636,795
Aviation training cost	**23,879,923**	27,923,578	**47,920,342**	52,785,897
Water related expenses	**106,593,378**	96,640,720	**205,400,654**	184,526,098
Connectivity and technology services	**-**	30,726,000	**-**	31,409,036
	1,923,729,513	1,778,961,673	**3,738,289,059**	3,444,286,326
GROSS PROFIT	₱ **536,315,160**	₱ 775,354,417	₱ **1,074,334,497**	₱ 1,341,189,808
SHARE IN NET INCOME OF ASSOCIATES	**365,044,189**	201,259,184	**610,979,305**	349,686,796
	901,359,350	**976,613,601**	**1,685,313,802**	1,690,876,604
OPERATING EXPENSES	**(408,800,734)**	(322,438,929)	**(756,002,244)**	(598,674,271)
INTEREST INCOME	**8,596,563**	11,865,707	**13,923,824**	16,708,475
FINANCING CHARGES	**(29,652,830)**	(31,764,288)	**(58,820,542)**	(69,208,792)
OTHER INCOME - net	**574,749**	21,380,824	**7,627,421**	28,334,265
INCOME BEFORE INCOME TAX	₱ **472,077,097**	₱ 655,656,914	₱ **892,042,261**	₱ 1,068,036,282
PROVISION FOR INCOME TAX	**57,426,115**	143,598,396	**114,944,889**	218,937,842
NET INCOME	₱ **414,650,982**	₱ 512,058,518	₱ **777,097,371**	₱ 849,098,440
Attributable to:				
Equity holders of the parent	**365,782,814**	431,674,780	**679,692,337**	691,587,828
Non-controlling interests	**48,868,168**	80,383,739	**97,405,034**	157,510,612
	₱ **414,650,982**	₱ 512,058,518	₱ **777,097,371**	₱ 849,098,440

MACROASIA CORPORATION AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		JAN UARY- JUNE		
		2025		2024
NET INCOME	**₱**	**777,097,371**	₱	849,098,440
OTHER COMPREHENSIVE INCOME (LOSS) - Net				
Net foreign currency translation adjustments		**(42,131,072)**		82,005,195
Changes in fair value of AFS investments - net of tax effect				34,000,000
Remeasurements on defined benefit plan		**-**		-
		(42,131,072)		116,005,195
Total Comprehensive Income		**734,966,300**		965,103,635
Attributable to:				
Equity holders of the parent	**₱**	**637,561,265**	₱	807,593,023
Non-controlling interests		**97,405,034**		157,510,612
	₱	**734,966,300**	₱	965,103,635

The notes are integral part of the Interim Unaudited Consolidated Financial Statements

MACROASIA CORPORATION AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the period ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱ 892,042,260	₱ 1,068,036,281
Adjustments for:		
Equity in net income of associates	(610,979,305)	(349,686,796)
Depreciation and amortization	163,229,963	142,544,517
Depreciation and amortization - Right of Use Asset	30,605,807	30,198,575
Interest on Lease Liabilities on Right Of Use Asset	28,675,790	25,560,547
Interest income	(13,923,824)	(16,708,475)
Unrealized foreign exchange loss - net	10,235,191	13,196,801
Retirement benefit cost	15,970,808	18,105,630
Financing charges	30,144,752	43,648,245
Operating income before working capital changes	546,001,442	974,895,325
Decrease (increase) in:		
Receivables	(26,308,346)	(658,295,361)
Inventories	9,787,580	25,398,034
Other current assets	(156,060,542)	(57,104,142)
Increase (decrease) in:		
Accounts payable and accrued liabilities	4,754,674	(32,409,673)
Other noncurrent liabilities	(2,828,056)	10,830,556
Cash generated from operations	375,346,752	263,314,739
Interest received	15,551,997	16,708,475
Financing charges paid	(30,129,059)	(41,445,584)
Contributions to retirement fund	(20,962,994)	(10,000,000.00)
Income taxes paid , including creditable witholding taxes	(127,222,324)	(94,261,315)
Net cash from operating activities	₱ 212,584,372	₱ 134,316,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(742,189,400)	(227,527,078)
Acquisitions of intangible assets	(5,617,518)	(5,702,177)
Dividends received	280,329,000	547,349,600
Decrease (Increase) in refundable deposits and other noncurrent assets	68,882,126	61,747,694
Net cash (used in)/from investing activities	₱ (398,595,792)	₱ 375,868,039
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of notes payable	1,468,000,000	245,000,000
Payments of notes payable	(176,042,320)	(354,455,810)
Dividends paid	(201,131,522)	(207,614,798)
Acquisition of treasury shares	-	-
Payment of Lease Liabilities on Right Of Use Asset	(41,708,493)	(41,120,906)
Net cash from/(used in) financing activities	₱ 1,049,117,666	₱ (358,191,513)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(10,235,199)	(13,196,805)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	₱ 852,871,046	₱ 138,796,038
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,369,282,600	1,062,560,838
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	₱ 2,222,153,646	₱ 1,201,356,876

*The notes are integral part of the Interim Unaudited Consolidated Financial Statements

MACROASIA CORPORATION AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousand Pesos)

(with comparison to Interim Unaudited June 30, 2024, Audited December 31, 2024 and Audited December 31, 2023 Consolidated Statement of Changes in Equity)

(In Thousand Pesos)

		Attributable to the Equity Holders of the Parent													
										Retained Earnings					
		Capital Stock	Additional Paid-in Capital	Share in Foreign Currency Translation Adjusment of an Associate	Remeasurements on Defined Benefit Plan	Share in Remeasurements on Defined Benefit Plan of Associates	Other Reserves	Reserve for fair value changes of financial assets investments	Treasury Shares	Appropriated	Unappropriated	Subtotal	Non-controlling Interest		Total
BALANCES AT DECEMBER 31, 2023		**1,933,306**	**281,437**	**77,740**	**(43,075)**	**(133,461)**	**1,003,041**	**82,470**	**(459,418)**	**960,000**	**2,423,052**	**6,125,091**	**360,248**		**6,485,339**
Dividend declaration		-	-	-	-	-	-	-	-	-	(189,096)	(189,096)	-		(189,096)
Dividends to non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	(23,100)		(23,100)
Total comprehensive income		-	-	82,005			-	34,000	-	-	691,588	807,593	157,511		965,104
Acquisition of treasury shares		-	-	-	-	-	-	-	-	-	-	-	-		-
Additional investment of non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-		-
BALANCES AT JUNE 30, 2024	₱	**1,933,306**	**281,437**	**159,745**	**(43,075)**	**(133,461)**	**1,003,041**	**116,470**	**(459,418)**	**960,000**	**2,925,544**	**6,743,588**	**494,658**	₱	**7,238,247**
BALANCES AT DECEMBER 31, 2024		**1,933,306**	**281,437**	**137,529**	**(65,417)**	**(193,795)**	**1,003,041**	**116,470**	**(459,418)**	**960,000**	**3,356,833**	**7,069,987**	**493,759**		**7,563,745**
Dividend declaration		-	-	-	-	-	-	-	-	-	(208,005)	(208,005)	-		(208,005)
Total comprehensive income (loss)		-	-	(42,131)	-	-	-	-	-	-	679,692	637,561	97,405		734,966
Acquisition of treasury shares		-	-	-	-	-	-	-	-	-	-	-	-		-
Additions to investment of non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	86,296		86,296
Reversal of appropriation of retain earnings		-	-	-	-	-	-	-	-	(850,000)	850,000	-	-		-
Appropriation of retain earnings		-	-	-	-	-	-	-	-	2,830,000	(2,830,000)	-	-		-
BALANCES AT JUNE 30, 2025	₱	**1,933,306**	**281,437**	**95,398**	**(65,417)**	**(193,795)**	**1,003,041**	**116,470**	**(459,418)**	**2,940,000**	**1,848,520**	**7,499,542**	**677,460**	₱	**8,177,003**

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Business Operations

Corporate Information

MacroAsia Corporation (the Company or MAC), a publicly-listed corporation, was incorporated in the Philippines on February 16, 1970 under the name Infanta Mineral & Industrial Corporation to engage in the business of geological exploration and development. On January 26, 1994, its Articles of Incorporation was amended to change its primary purpose from exploration and development to that of engaging in the business of a holding company, and changed its corporate name to Cobertson Holdings Corporation. On November 6, 1995, the Company's Articles of Incorporation was again amended to change its corporate name to its present name. On August 7, 2018, the Company's Articles of Incorporation was further amended for the extension of the Company's corporate life for another 50 years, from and after February 15, 2020. However, under the Revised Corporation Code of the Philippines, MAC shall have perpetual corporate life. Its registered office address is at 7th Floor, Ricogen Building, 112 Aguirre Street Legazpi Village, Makati City.

Business Operations

The principal activities of the Parent Company and its subsidiaries (collectively referred to as the "MacroAsia Group", "the Group") are described in Note 4. The Parent Company, through its subsidiaries and associates, is presently engaged in aviation-support businesses at 22 airport locations in the Philippines. It provides in-flight catering services, ground handling services for passenger and cargo aircraft. It also operates/develops the sole economic zone within the NAIA.

Through MacroAsia Catering Services, Inc. (MACS), the Parent Company, is now providing the food requirements of some passenger terminal lounges in NAIA. It has also ventured into the provision of the food service requirements of non-airline institutional clients outside the airport. Through MacroAsia Properties Development Corporation (MAPDC), the Parent Company started pursuing projects related to reclaimed water supply, bulk water supply using surface water sources, and water distribution in areas outside of Metro Manila.

Through Lufthansa Technik Philippines, Inc. (LTP), an associate, which has a maintenance, repairs and overhaul facility in the Philippines, the Parent Company provides globally competitive heavy maintenance and engineering services for specific models of Airbus and Boeing aircraft for airline clients all over the world.

Through Allied Water Services, Inc. (AWSI), the Parent Company pursue water-related projects.

2. *Summary of Material Accounting Policy Information*

Basis of Preparation

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for equity investments held at fair value through other comprehensive income (FVTOCI), which are carried at fair value. The interim condensed consolidated financial statements are presented in Philippine peso (₱), the Parent Company's functional and presentation currency. Amounts are rounded to the nearest thousands unless otherwise indicated.

Statement of Compliance

The interim condensed consolidated financial statements for the period ended June 30, 2025 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. This does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2024.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial years, except for the adoption of the following amendments to existing standards effective beginning January 1, 2025 Unless otherwise indicated, adoption of these new standards did not have any impact on the consolidated financial statements of the Group.

- *Amendments to PAS 21, Lack of Exchangeability*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments
    - Annual Improvements to PFRS Accounting Standards - Volume 11
    - Amendments to PFRS 1, Hedge Accounting by a First-time Adopter
    - Amendments to PFRS 7, Gain or Loss on Derecognition
    - Amendments to PFRS 9, Lessee Derecognition of Lease Liabilities and Transaction Price
    - Amendments to PFRS 10, Determination of a 'De Facto Agent'
    - Amendments to PAS 7, Cost Method

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*

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group, its direct subsidiaries, the subsidiaries of MACS, MSFI, MSIS, MAPDC and its subsidiaries BTSI, NWSC, MASCORP, MMC, WBSI, AWSI and its subsidiaries AKESC and SWRI, which were all incorporated in the Philippines and are registered with the Philippine Securities and Exchange Commission (SEC) as of June 30, 2025 (unaudited) and December 31, 2024 (audited).

		Percentage of Ownership by MAC				Percentage of Direct Ownership by MACS/MAPDC/ WBSI/BTSI/NWSC MASCORP/MMC/ AWSI/AKESC/SWRI	
		2025		2024			
Entity	Nature of business	Direct	Indirect	Direct	Indirect	2025	2024
MacroAsia Airport Services Corporation (MASCORP) [9]	Ground handling aviation services	80[9]	–	80[9]	–	–	–
Aviation Product Corporation (APC) [16]	Aircraft ULD repair services		80	–	–	100	–
MacroAsia Catering Services Corporation (MACS)	In-flight and other catering Services	67	–	67	–	–	–
MacroAsia SATS Food Industries (MSFI)[8]	Meal production and food processing	67[17]	–	–	67	–	100
MacroAsia SATS Inflight Services Corporation (MSISC) [8]	Meal production and food processing	67[18]	–	–	67	–	100
MacroAsia Air Taxi Services, Inc. (MAATS)	Fixed-based operation (FBO)	100	–	100	–	–	–
MacroAsia Properties Development Corporation (MAPDC)	Economic Zone (Ecozone) developer/operator and water supplier	100	–	100	–	–	–
SNV Resources Development Corporation (SNVRDC)	Water treatment and distribution	–	100	–	100	100	100
Boracay Tubi System, Inc. (BTSI)[3]	Water treatment and distribution, and construction of sewage treatment plant	–	67	–	67	67	67
MONAD Water and Sewerage Systems, Inc. (MONAD)[3]	Water sewerage treatment	–	53.6	–	53.6	80	80
New Earth Water System, Inc. (NEWS)[3]	Water projects	–	67	–	67	100	100
Naic Water Supply Corporation (NAWASCOR)[4]	Water distribution	–	100	–	100	100	100
Aqualink Resources Development, Inc. [11]	Water distribution	–	51	–	51	51	51
Mabini Pangasinan Resources Development Corporation (MPRDC)[2]	Water projects	–	100	–	100	100	100
Panay Water Business Resources, Inc. (PWBRI)[2]	Water projects	–	90	–	90	90	90
Watergy Business Solutions, Inc. (WBSI)	Water projects	–	100	–	100	100	100
Cavite Business Resources Inc. (CBRI)	Water projects	–	100	–	100	100	100
First Aviation Academy, Inc. (FAA).[5]	Aviation school	51	–	51	–	–	–
Allied Water Services, Inc. (AWSI)[1]	Water projects	100	–	100	–	–	–
AlliedKonsult Eco Solutions Corporation (AKESC)[2]	Water treatment	–	51	–	51	51	51
Cavite Alliedkonsult Services Corporation (CAKSC)	Water treatment	–	51	–	51	100	100
Summa Water Resources I (SWRI)[6]	Water treatment and equipment lease	–	60	–	60	60	60
CSW Lapu-Lapu Inc. (CSWLL) [13]	Bulk potable water supply and water treatment	–	60	–	60	100	100
Poro Point Summa Water Inc. [15]	Water distribution	–	60	–	–	100	–
MacroAsia Mining	Mine exploration, development	100	–	100	–	–	–

Corporation (MMC)	and operation						
MMC Management & Development Corporation	Mine exploration, development and operation	–	**100**	–	100	**100**	100
Bulawan Mining Corporation (BUMICO) (2),(7)	Mine operation, development and utilization	–	**100**	–	100	**100**	100
Tera Information and Connectivity Solutions, Inc. (TICS) (12)	Information management and data connectivity	**100**	–	100	–	–	–

(1) *Resumed operation as holding company of newly acquired water companies*
(2) *No commercial operations as of December 31, 2021*
(3) *Ownership interest effective December 2, 2016*
(4) *Ownership interest effective August 1, 2017*
(5) *Incorporated on December 5, 2017 and started commercial operations on May 19, 2019*
(6) *Ownership interest effective October 1, 2018*
(7) *Ownership interest effective November 15, 2018*
(8) *Started commercial operations on March 16, 2019*
(9) *Change in ownership interest starting December 5, 2019 (see Note 11)*
(10) *Ownership interest effective March 2, 2020*
(11) *Ownership interest effective March 9, 2021*
(12) *Ownership interest effective February 11, 2021*
(13) *Ownership interest effective March 28, 2023*
(14) *Ownership interest effective February 21, 2024*
(15) *Ownership interest effective January 6,, 2025*
(16) *Ownership interest effective February 18, 2025*
(17) *Change in ownership interest starting June 4, 2025*
(18) *Change in ownership interest starting June 4, 2025*

3. Significant Judgments and Accounting Estimates

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to exercise judgments, make estimates and use assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments

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

Determination of the Group's functional currency

Judgment is exercised in assessing various factors in determining the functional currency of each entity within the Group. These include the prices of goods and services, competition, cost and expenses, and other factors including the currency in which financing is primarily undertaken.

The Group, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be Peso. It is the currency of the primary economic environment in which the Group operates. The functional currencies of LTP and JASCO, the Group's associated companies, has been determined to be US$ and JPY, respectively.

Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Determination of the timing of satisfaction of performance obligation*
  In- flight and other catering, ground handling and aviation, water services, and connectivity and technology services
  The Group assessed that performance obligation for inflight and other catering, except for dry store and beverage, ground handling and aviation, water services, and connectivity and technology services are rendered to the customers over time. As a result, the Group's revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment.

  Sale of dry store and beverage
  The Group assessed that performance obligation for sale of dry store and beverage are satisfied at a point in time. The Group uses its judgment on when a customer obtains control of the promised goods. The Group has assessed that the actual delivery of the goods to the customer is the point in time when the performance obligation has been satisfied.

- *Allocation of total transaction price between construction and operation and maintenance of STP*
  Management determined that the contractually agreed price for construction of STP does not depict the amount the Group expects to receive for the performance obligation as the costs of STP are also expected to be recovered through the fees from operation and maintenance. Accordingly, the Group determined that the total transaction price of construction and operation and maintenance (i.e., the performance obligations) of STP needs to be allocated. This required the estimation of each of the performance obligation's stand-alone selling prices based on expected value method. The Group estimates consideration from the construction of STP based on expected gross margin. On the other hand, the Group estimates the variable consideration from operation and maintenance of STP based on the historical patterns of water consumption and room capacity of the Group's customers.

- *Recognition of contract asset*
  The Group incurs certain costs in relation to the services provided to its major customer. Based on management's assessment, these costs are incremental cost in obtaining a contract. Accordingly, the Group recognizes contract asset which are amortized as expense throughout the contract period, which includes the renewal period as management believes that the contract with the major customer will be renewed considering that the Group is providing one of the required services in the operations of its major customer.

Assessment of control or significant influence over the investee
The Group makes an assessment whether or not it controls an investee by considering all relevant facts and circumstances which indicate that the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A reassessment is made if circumstances

indicate that there are changes in these control elements. The Group has significant influence over an investee if it only has the power to participate in the financial and operating policy decisions, but not control or jointly control over the investee. As of June 30, 2025 and December 31, 2024, the Group still determined that it controls its subsidiaries and has significant influence over its associates.

Assessment of operators under Philippine Interpretation IFRIC 12
Management has assessed that memoranda of agreement with the Municipality of Solano, Nueva Vizcaya (Solano) to provide water distribution facilities and with the Municipality of Naic Cavite (Naic) to develop and operate water supply and distributions system are covered by the Philippine Interpretation IFRIC 12. The memoranda of agreement qualify under the intangible asset model with respect to the operation of the waterwork facilities as the Group has the right (license) to charge users of public service.

Classification of leases - the Group as a lessor
The Group has entered into short-term leases, which provide no transfer of ownership to the lessee. The Group has determined that, based on an evaluation of the terms and conditions of the arrangements, it retains all the significant risks and rewards of ownership of these equipment and accounts for these as operating leases.

Determining the lease term of contracts with renewal and termination options - the Group as a lessee
The Group 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 Group has several lease contracts that include extension and termination options. The Group applies judgment 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 Group 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).

The Group included the renewal period as part of the lease term for leases which are renewable at the option of the lessee. The Group typically exercises its option to renew for these leases because of significant permanent improvement introduced in the leased premises. The renewal periods for leases are not included as part of the lease term if option to renew is at lessor’s discretion or leases which renewal depends on mutual consent of contracting parties as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Contingencies
The Group, in its normal course of business, is involved in various legal cases and claims. Based on management's assessment, the Group will be able to defend its position on these cases and that the ultimate outcome will not have a significant impact on the Group's consolidated financial statements. Accordingly, no provision has been recognized for these contingencies. LTP, the most significant associate of the Group also assesses the need to recognize the provisions based on the status of the claims.

Estimates and Assumptions
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of the Group's assets and liabilities follow.

Leases - estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱2,168.8 million and ₱2,093.0 million as of June 30, 2025 and December 31, 2024, respectively.

Provision for expected credit losses
The Group uses a provision matrix to calculate ECLs for financial assets at amortized cost. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The assessment of the correlation between observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The Group has a segmentation of its credit risk exposures based on homogeneity of credit risk characteristics and credit risk management policies to identify defaulting customers using observable inputs such as historical loss rates, recoveries and write-offs. The Group has also applied forward-looking information for its overlay through statistical test and corroboration using publicly available information.

The Group's receivables, net of allowance for the expected credit losses of ₱69.9 million, amounted to ₱2,226.1 million and ₱2,202.9 million as of June 30, 2025 and December 31, 2024, respectively.

Determination of NRV of inventories
The Group estimates the NRV of inventories based on the most reliable evidence available at the time the estimates are made. These estimates consider the fluctuations of prices or costs directly relating to events occurring after the reporting date to the extent that such events affect the value of inventories. Other factors include the age of the inventories and Company's experience on write-off and expirations.

The Group did not identify any factors which indicate inventory obsolescence based on the above discussions. Accordingly, no provision was recognized in 2025, 2024 and 2023.

The Group's inventories carried at cost as of June 30, 2025 and December 31, 2024 and amounted to ₱145.6 million and ₱155.4 million, respectively.

Estimating allowances for probable losses on input taxes and TCCs
The Group estimates the level of provision for probable losses on input taxes based on the experience of the Group in processing the claims and the realization of input VAT. As of June 30, 2025 and December 31, 2024, the carrying value of input taxes and TCCs amounted to ₱ 496.9 million and ₱390.7 million, respectively. Allowance for probable losses amounted to ₱ 33.7 million and ₱40.7 million as of June 30, 2025 and December 31, 2024, respectively.

Estimation of useful lives of property and equipment
The Group estimates the useful lives of property, plant and equipment based on the internal technical evaluation and experience with similar assets. In cases where the use of property, plant and equipment is dependent on the grant of certain permits to conduct its business, management considers the probability of renewal of such permits based on past experience. In this situation, useful lives of property, plant and equipment are based on the economic useful lives rather than the currently effective period of the permits. Estimated useful lives are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. A reduction in the estimated useful lives of property and equipment, would increase depreciation and amortization expense and decrease noncurrent assets.

There was no change in the estimated useful lives of property, plant and equipment in 2025 and 2024.

The carrying value of property and equipment subject to depreciation as of June 30, 2025 and December 31, 2024 amounted to ₱2,252.1 million and ₱1,816.4 million, respectively.

Estimation of useful life of service concession right
At the start of operation of the water work facilities, the service concession right is to be amortized over the concession period as provided in the agreements with relevant government units. The amortization period is reviewed when there are changes in the expected term of the contract or the expected pattern of consumption of future economic benefits embodied in the asset. In 2018, NAWASCOR was granted additional concession period of 15 years by the Municipality of Naic, Cavite. Accordingly, NAWASCOR changed the useful life of its service concession right from 25 years to 40 years. The carrying value of the service concession right amounts to ₱432.6 million and ₱436.9 million as of June 30, 2025 and December 31, 2024, respectively.

Estimation of useful life of intangible assets acquired as part of business combination
The assigned useful lives of intangible assets acquired as part of business combination are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on collective assessment of similar businesses, internal evaluation and experience with similar assets. Further, management considers the probability of renewal of certain permits and the cost and efforts in renewing such permits based on past experience. The useful life of each asset is reviewed at each financial year and updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the asset. There were no changes in the estimated useful lives of water service contract and customer contract and relationships, while water rights are assessed to have indefinite useful life considering that the water permits remain valid for as long as water is beneficially used.

The total carrying value of the customer contract and relationships, water service contract, and the right-to-use of water permits amounted to ₱234.6 million and ₱237.2 million as of June 30, 2025 and December 31, 2024.

Determination of impairment indicators and impairment testing of nonfinancial assets
A. Nonfinancial assets other than goodwill and intangible assets with indefinite life
The Group assesses at each reporting date whether there is any indication that its nonfinancial assets other than goodwill and intangible assets with indefinite life (i.e., investments in associates, property, plant and equipment, right-of-use assets, investment property, service concession right, intangible assets, deferred project costs, deferred mine exploration costs) may be impaired. Also, the Group assesses whether facts and circumstances suggest that carrying amount of deferred mine exploration costs may exceed its recoverable amount. The factors that the Group considers important which could trigger an impairment review included the following, among others:

- significant underperformance relative to expected historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the overall business strategy; and,
- significant negative industry or economic trends.

If such indication exists, the Group performs impairment testing to estimate the recoverable amount of the related asset.

The carrying values of the nonfinancial assets are as follows:

	2025	2024
Investments in associates	**₱2,759,640,705**	₱2,183,817,473
Property, plant and equipment	**3,090,661,558**	2,389,612,663
Right-of-use assets	**840,212,813**	805,207,623
Investment property	**143,852,303**	143,852,303
Service concession right	**432,558,336**	407,326,951
Water Rights	**119,291,971**	121,282,474
Water service contract	**72,264,350**	72,264,350
Customer contract and relationships	**42,999,033**	46,389,437
Deferred project costs	**42,783,267**	42,783,267
Deferred mine exploration costs	**240,513,943**	238,513,440

Service concession right

SNVRDC has been operating at a loss since the start of its commercial operation. This is an indicator that the service concession right may be impaired.

For the purpose of impairment testing of SNVRDC's service concession right, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management covering 17 years of projections, coterminous to the term of the concession agreement with the Municipality of Solano. The projected cash flows are based on expectations of future outcomes considering past experience, adjusted for anticipated revenue growth based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC) of listed entities with similar assets or similar in terms of potential risk.

Based on the latest impairment test, the recoverable amount of the service concession right exceeds its carrying value. Management believes that any reasonable possible change in any of the assumptions used would not cause the carrying value to exceed its recoverable amount.

The carrying value of the service concession right subjected to impairment testing amounted to ₱222.1 million and ₱222.9 million as of June 30, 2025 and December 31, 2024, respectively.

Impairment of deferred mine exploration costs
The recovery of deferred mine exploration costs depends upon the success of exploration activities and future development of the mining properties, as well as the discovery of recoverable reserves in quantities that can be commercially produced. As of date, MMC has not started its mining activities, thus, management has performed the impairment analysis on the recoverability of the deferred mine exploration costs. For the purpose of impairment testing, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management. The projected cash flows are based on expectations of future outcomes based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC) of listed entities with similar assets or similar in terms of potential risk. The pre-tax discount rate used is 11.5% in 2024. Management believes that the amount of deferred mine exploration cost is recoverable based on the estimation of value-in-use.

The carrying value of deferred mine exploration cost amounted to ₱240.5 million and ₱238.5 million as of June 30, 2025 and December 31, 2024, respectively.

Impairment of water service contract not yet available for use
As of date, CSWLL has not started its bulk water supply and distribution activities, thus, management has performed the impairment analysis on the recoverability of the water service contract not yet available for use. For the purpose of impairment testing, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management. The projected cash flows are based on expectations of future outcomes based on management's future plans. Management believes that the amount of water service contract is recoverable based on the estimation of value-in-use.

The carrying value of water service contract amounted to ₱72.3 million as of June 30, 2025 and December 31, 2024.

Investment in LTP
The lease for the ecozone where LTP is located is set for renewal in 2025, with an anticipated increase in lease rates. At the end of each reporting period, the Group assesses potential indicators of asset impairment, considering external factors such as macroeconomic conditions, industry trends, regulatory developments and ongoing negotiations with the government and its airport operator.

For purposes of impairment testing of investment in LTP, the recoverable amount has been determined based on value-in-use calculations using probability-weighted scenario analysis. This analysis incorporates multiple potential future outcomes with corresponding probabilities, reflecting a range of expectations on revenue growth, forecasted workload and fleet count, operational costs, and operating expenses. Past experiences and current market conditions are also considered in this assessment.

Goodwill and intangible assets with indefinite life
For goodwill and intangible assets with indefinite useful life, the Group performs impairment testing at least on an annual basis or more frequently, if events or changes in circumstances indicate that these may be impaired. For the purpose of impairment testing, goodwill has been allocated to BTSI group, NAWASCOR, SWRI and MACS in 2024 and 2023 as the cash generating units.

The recoverable amounts of the cash-generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets as approved by management covering five years of projections. The projected cash flows are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth based on management's future plans. Cash flows beyond the forecast period are extrapolated into perpetuity assuming four percent (4%) growth rate for impairment test purposes. The discount rate is a pre-tax measure based on the WACC of listed entities with similar assets or similar in terms of potential risk.

The carrying value of goodwill subjected to impairment testing amounted to ₱127.8 million as of June 30, 2025 and December 31, 2024.

For the right to use of water permits, the recoverable amount is determined based on fair value less cost to sell calculations determined by discounting notional royalty savings after tax. These calculations use net sales projections and the related royalty savings based on a five-year projection. Net sales beyond the forecast period are extrapolated into perpetuity assuming four percent (4%) growth rate for impairment test purposes. Management considered the impact of cost to sell in the calculations of fair value less cost to sell as negligible. The royalty rate is the average of royalty rates for water distribution entities, while the discount rate was a pre-tax measure based on the WACC of listed entities with similar assets or similar in terms of potential risk.

The carrying value of the right to use asset amounted to ₱119.3 million ₱120.3 million as of June 30, 2025 and December 31, 2024, respectively.

Management believes that no reasonably possible change in any of the assumptions used would cause the carrying values of the goodwill and right-to-use asset to exceed their recoverable amounts. Based on management's assessment, the recoverable amounts of these assets are higher than their carrying values, thus no impairment loss was recognized in 2025, 2024 and 2023.

Estimation of retirement benefits costs and obligation, and accumulating leave credits
The cost of defined benefit pension plans, as well as the present value of the pension obligation is, determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All significant assumptions are reviewed at each reporting date. The calculation of accumulating leave credits follows the same assumptions as the defined benefit costs.

In determining the appropriate discount rate, management considers the interest rates of government bonds, adjusted to zero coupon rates, with term consistent with the obligation of the plan.

Accrued retirement and other employee benefits payable amounted to ₱191.6 million and ₱196.6 million as of June 30, 2025 and December 31, 2024, respectively. Pension asset amounted to ₱0.7 million as of June 30, 2025 and December 31, 2024, and is included under “Other noncurrent assets” account.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income tax assets (gross of deferred income tax liabilities) at each reporting date and adjusts the balance of deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The determination of future taxable income, which will establish the amount of deferred income tax assets that can be recognized, requires the estimation and use of assumptions about the Group’s future income and timing of reversal of temporary differences, unused NOLCO and excess MCIT over RCIT.

Deferred income tax assets recognized, which relate primarily to operating subsidiaries, amounted to ₱367.3 million as of June 30, 2025 and December 31, 2024. The Group also has unrecognized deferred income taxes primarily on the non-operating subsidiaries’ temporary differences, NOLCO and MCIT.

4. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the aviation-support services provided by the subsidiaries, mining-related activities, water-related projects, and ICT services which is the basis on which the Group reports its primary segment information. The Group also monitors its share in the results of operations of its associates (LTP, CPCS and JASCO) that are accounted for using the equity method.

The operations of Group's segments are described as follows:

- In-flight and other catering segment, which is operated by MACS, MSFI and MSIS, and through the Company's interest in CPCS, refers to servicing of meal requirements of certain foreign and domestic passenger airlines, as well as certain passenger terminal lounges at the NAIA and the MDA, and of certain non-airline institutional accounts.

- Ground handling and aviation segment, which is operated by MASCORP and MAATS, refers to both ramp and passenger handling and aviation services to foreign airlines and domestic carriers at NAIA, MCIA, Davao International Airport, Tuguegarao Airport and Clark International Airport. In 2019, the Company acquired 30% ownership in JASCO, a ground handling and aviation service company operating in Japan.

- Maintenance, repairs and overhaul (MRO), which is operated through the Company's interest in LTP, pertains to rendering of MRO services of Airbus and Boeing aircraft for certain airlines.

- Water treatment and distribution segment, which is operated through SNVRDC, BTSI, NAWASCOR and SWRI. The Group has on-going water related projects which pertain to the development (e.g., studies, surveys) and construction of water-treatment facilities activities, which are undertaken by MAPDC and its other subsidiaries. The Group, through BTSI, is also engaged in the construction, operation and maintenance of sewage treatment facilities.

- ICT segment or Information, Connectivity and Technology Solutions services, operated through TERA, refers to service offerings which encompasses information management, data connectivity, radio trunking, shared and managed services.

- Administrative segment, which is primarily operated through MAPDC, refers to the sub-lease of the MacroAsia Ecozone at NAIA, which MAPDC leases from Manila International Airport Authority (MIAA) with LTP as the anchor locator.

- Mining segment, which is operated through MMC, refers to mining-related activities of the Group. This segment refers to revenues and expenditures for exploration activities and rendering of exploration-related services.

Segment assets include the operating assets used by a segment and consist principally of cash and cash equivalents, receivables, inventories, other current assets, and property, plant and equipment, net investment in the lease, and right-of-use assets, net of allowances, depreciation and amortization and any impairment in value. Segment liabilities include all operating liabilities and consist principally of notes payable, accounts payable and accrued liabilities, and lease liabilities. Segment assets and liabilities do not include deferred income tax. Segment results pertain to operating income.

Financial information on the Group's business segments as of and for the period ended June 30, 2025 and 2024 are as follows:

(In Thousand Pesos)

	APRIL - JUNE		JANUARY - JUNE	
REVENUE – External	**2025**	2024	**2025**	2024
In-flight and other catering	**1,201,198**	1,090,314	**2,347,862**	2,146,799
Ground handling and aviation	**1,034,598**	1,217,325	**2,033,589**	2,192,905
Rental and administrative	**13,696**	16,977	**27,391**	26,865
Aviation training fee	**18,139**	13,757	**39,775**	36,257
Water	**192,414**	173,049	**364,007**	339,005
Exploratory drilling fees	**-**	-	**-**	-
Connectivity and technology services	**-**	42,895	**-**	43,646
Total segment and consolidated revenue	**2,460,045**	2,554,316	**4,812,624**	4,785,476
RESULT – Segment result				
In-flight and other catering services	**180,676**	226,659	**356,991**	434,543
Ground handling and aviation	**29,701**	297,896	**90,977**	405,992
Rental and administrative services	**(22,733)**	(19,305)	**(36,633)**	(38,278)
Charter flights service	**70**	1,346	**1,065**	(585)
Aviation training	**(10,998)**	(19,203)	**(17,490)**	(25,881)
Water	**38,257**	30,750	**47,608**	46,349
Mining	**(2,384)**	(12,929)	**(4,709)**	(15,591)
Connectivity and technology services	**(8,725)**	9,901	**(10,580)**	7,275
Share in net income of associates	**365,044**	201,259	**610,979**	349,687
Total segment results	**568,908**	716,374	**1,038,208**	1,163,511
Unallocated corporate income (expenses) and eliminations	**(96,831)**	(60,717)	**(146,166)**	(95,475)
Provision for income tax	**(57,426)**	(143,598)	**(114,945)**	(218,938)
Consolidated net income	**414,651**	512,059	**777,097**	849,098

(In Thousand Pesos)

	Jun-25	Dec-24
OTHER INFORMATION		
Segment assets		
In-flight and other catering services	**2,935,519**	2,903,208
Ground handling and aviation	**1,890,303**	1,431,574
Rental and administrative services	**2,844,252**	2,794,180
Charter flights service	**36,659**	37,658
Investment in associates	**2,759,641**	2,471,121
Aviation training	**224,250**	216,090
Water	**3,641,782**	3,008,528
Mining	**239,578**	238,785
Total segment assets	**14,571,983**	13,101,145
Investment property	**143,852**	143,852
Deferred tax asset	**101,378**	95,810
Unallocated corporate assets and eliminations	**541,021**	76,844
Consolidated total assets	**15,358,234**	13,417,651

(In Thousand Pesos)

	Jun-25	Dec-24
OTHER INFORMATION		
Segment liabilities		
In-flight and other catering services	**1,523,328**	1,713,669
Ground handling and aviation	**2,336,179**	1,864,434
Rental and administrative services	**3,021,036**	2,944,612
Aviation training	**434,659**	410,355
Charter flights service	**9,630**	12,275
Water	**2,880,740**	2,273,575
Mining	**76,361**	70,859
Total segment liabilities	**10,281,934**	9,289,779
Deferred tax liabilities	**93,856**	95,828
Unallocated corporate liabilities and eliminations	**(3,194,559)**	(3,531,701)
Consolidated total liabilities	**7,181,232**	5,853,906

Capital expenditures	**April - June**		**January - June**	
	2025	2024	**2025**	2024
In-flight catering services	**41,761**	27,723	**53,242**	41,935
Ground handling and aviation	**475,947**	45,276	**505,199**	109,673
Rental and administrative services	**7**	147	**158**	282
Charter flights service	**20**	-	**2,214**	-
Aviation training	**728**	394	**921**	619
Water	**138,993**	36,165	**184,127**	59,487
Mining	**48**	-	**47,938**	-
Unallocated corporate capital expenditures	**-3,648**	20,693	**1,899**	21,234
Total	**653,856**	130,399	**747,807**	233,229
Depreciation & amortization				
In-flight catering services	**23,306**	20,868	**45,786**	41,566
Ground handling and aviation	**25,064**	22,462	**48,428**	43,206
Rental and administrative services	**8,515**	6,360	**14,164**	11,994
Charter flights service	**235**	15	**250**	30
Aviation training	**3,764**	3,837	**7,591**	7,801
Water-related projects	**30,676**	24,814	**56,890**	47,686
Mining	**14**	13	**27**	26
Unallocated corporate depreciation and amortization	**8,825**	12,229	**20,699**	20,433
Total	**100,400**	90,599	**193,836**	172,743
Non cash gains (losses) other than depreciation & amortization				
In-flight catering services	**-6,436**	6,422	**-6,006**	7,364
Ground handling and aviation services	**-2,883**	3,245	**(5,245)**	4,879
	-9,319	9,667	**(11,252)**	12,243

5. Input taxes and other current assets

	2025	2024
Input taxes - net	**₱ 435,964,046**	₱331,164,513
Creditable withholding taxes	**307,913,267**	259,238,523
Prepayments	**66,205,498**	34,981,358
Supplies	**49,901,584**	34,268,620
Advances to suppliers	**19,296,868**	8,741,255
Other current assets	**21,019,257**	27,170,966
	₱900,300,521	₱695,565,235

Input taxes represent VAT paid on purchases of goods and services that can be recovered as tax refund/credit from the Bureau of Internal Revenue (BIR) or the Bureau of Customs.

Advances to suppliers pertains mainly to advances for acquisition of fixed assets.

Others mainly consist of prepaid insurance, rent and utilities that are individually immaterial.

6. Notes Payable and Long-Term Debts

		2025		2024
Notes payable	₱	**519,000,000**	₱	121,178,000
Current portion of loans payable		**337,403,384**		386,927,235
Current loans payable	₱	**856,403,384**	₱	508,105,235
Long Term Debts	₱	**1,340,925,652**	₱	397,266,119
Capitalisable transaction cost		**(1,846,008)**		(1,846,006)
Loans payable - net of current portion	₱	**1,339,079,644**	₱	395,420,113

The aforementioned notes payable and long-term debts are obtained from local banks.

In the current year, CSWLL secured a ten-year term loan agreement amounting to ₱650.0 million to finance the construction of the Seawater Desalination Plant Project in Lapu-Lapu City. The loan principal is payable in equal quarterly installments following a 24-month grace period, while interest is payable quarterly at a rate of 7.41%, subject to re-pricing. MASCORP availed five-year long-term loan agreement amounting to ₱418.0 million with the loan principal payable in equal quarterly installments following a 3-month grace period, while interest is payable quarterly at a rate of 6.73%, subject to re-pricing. MAC also availed ₱400.0 million short-term loan with the loan principal is payable in equal monthly installments, while interest is payable monthly at a rate of 6.85%.

7. Basic/Diluted Earnings per Share

Basic/diluted earnings per share are computed as follows:

(In thousand pesos except earnings per share)	Jun-25	Dec-24	Jun-24
Net income attributable to equity holders of the parent	**679,692**	1,122,877	691,588
Divided by weighted average number of common shares	**1,890,958**	1,890,958	1,890,958
	0.359	0.594	0.366

8. *Equity*

a. Restriction on retained earnings of the Group

The retained earnings as of June 30 is restricted for dividend declaration for the portion equivalent to the following:

- Undistributed earnings of subsidiaries and equity in net earnings of associates amounting to ₱2,200.6 million and ₱1,687.2 million as of June 30, 2025 and December 31, 2024, respectively.

- Cost of treasury shares amounting to ₱459.4 million as of June 30, 2025 and December 31, 2024.

- Deferred income tax assets amounting to ₱367.3 million as of June 30, 2025 and December 31, 2024, respectively.

b. Appropriation of retained earnings
Appropriated retained earnings as of June 30, 2025 amounted to ₱2,940.0 million and ₱960.0 million on December 31, 2024.

On March 27, 2025, the Parent Company's BOD approved the reversal of outstanding appropriation amounting to ₱850.0 million. On the same date, the BOD approved the appropriation of retained earnings amounting to ₱2,830.0 million for ecozone development, commissary expansion and other acquisition-related projects ranging from two to three years from 2024.

As of December 31, 2024 and 2023, the Parent Company's retained earnings include appropriated amounts of ₱850.0 million for various projects. These were originally approved for appropriation in 2019.

On November 16, 2023, MSISC's BOD approved the appropriation from unrestricted retained earnings the amount of ₱110.0 million for the purpose of funding various capital expenditures.

c. Cash dividends declared by the Parent Company from the unappropriated retained earnings are as follows:

Date Approved	Per share	Stockholder of Record Date	Date of Payment
March 27, 2025	₱0.011	April 25, 2025	May 21, 2025
March 21, 2024	₱0.010	April 19, 2024	May 16, 2024

On March 27, 2025, the Board of Directors approved the declaration of cash dividends in the amount of eleven centavos (Php0.11) per share payable on May 21, 2025.

d. Treasury stock

On July 16, 2010, the BOD approved the Share Buyback Program (the Program) involving a total cash outlay of ₱50.0 million for the repurchase of the outstanding common shares of the Parent Company from the market, using the trading facilities of the Philippine Stock Exchange (PSE). The Program will not involve any active or widespread solicitation for stockholders to sell. Repurchase of shares of stock will be done during the period of the Program at such prices perceived by the Parent Company to be lower than the inherent value of the share. The Program will run until the ₱50.0 million authorized cash outlay is fully utilized or until such time that the BOD may direct, subject to appropriate disclosures to the PSE and the SEC.

On June 15 2017, the Board of Directors of MacroAsia Corporation approved to allot ₱210.0 million to buy back shares of MacroAsia Corporation at market price. The mechanics of which shall be similar to the ₱50.0 million buyback program implemented in 2010. The Program commenced on June 20, 2017 and will run until the ₱210.0 million authorized cash outlay is fully utilized, or until such time that the Board of Directors of MacroAsia may direct, subject to appropriate disclosures to the PSE and the SEC.

On March 14, 2019, the Board of Directors approved ₱200.0 million additional funding to the 2017 Share Buyback Program.

On March 6, 2020, the Board of Directors approved another ₱200.0 million additional funding to the 2017 Share Buyback Program.

As of June 30, 2025 and December 31, 2024, the Parent Company's cost and number of shares held in treasury are as follows:

	2025	2024
Cost	**₱459,418,212**	₱459,418,212
Number of shares held in treasury	**42,347,600**	42,347,600

Movement in the Parent Company's outstanding shares follows:

	Issued	Treasury	Outstanding
As of December 31, 2009	1,250,000,000	–	1,250,000,000
Acquisition of treasury shares in 2010	–	(2,985,000)	(2,985,000)
As of December 31, 2010	1,250,000,000	(2,985,000)	1,247,015,000
Acquisition of treasury shares in 2011	–	(7,486,000)	(7,486,000)
As of December 31, 2011	1,250,000,000	(10,471,000)	1,239,529,000
Acquisition of treasury shares in 2012	–	(6,125,000)	(6,125,000)
As of December 31, 2014, 2015 and 2016	1,250,000,000	(16,596,000)	1,233,404,000
Acquisition of treasury shares in 2017	–	(6,249,600)	(6,249,600)
As of December 31, 2017	1,250,000,000	(22,845,600)	1,227,154,400
Stock dividend declaration	368,146,293	–	368,146,293
Acquisition of treasury shares in 2018	–	(3,949,100)	(3,949,100)

As of December 31, 2018	1,618,146,293	(26,794,700)	1,591,351,593
Acquisition of treasury shares in 2019	–	(12,845,600)	(12,845,600)
As of December 31, 2019	1,618,146,293	(39,640,300)	1,578,505,993
Acquisition of treasury shares in 2020	–	(2,707,300)	(2,707,300)
Stock dividend declaration	315,159,630	–	315,159,630
As of June 30, 2025 and December 31, 2024, 2023, 2022, 2021, 2020	1,933,305,923	(42,347,600)	1,890,958,323

e. Track record of registration of securities

On August 30, 1974, the SEC authorized the registration and licensing of the Parent Company's securities with total par value of ₱20.0 million divided into 2,000,000,000 shares with a par value of ₱0.01 per share.

On December 10, 1993, the Company amended its articles of incorporation, increasing the par value of its shares from ₱0.01 per share to ₱1.00 per share.

On March 22, 2000, the Philippine Stock Exchange, Inc. authorized to list the Parent Company's 750,000,000 shares, with a par value of ₱1.00 per share and 500,000,000 warrants divided into the following:

i. 250,000,000 shares to cover the 1:4 stock rights offering to stockholders of record as of April 12, 2000 at an offer price of ₱2.00 per share;

ii. 500,000,000 warrants to cover the 2:1 warrants offering attached to and detachable from the rights shares at a subscription price of ₱0.10 per warrant; and

iii. 500,000,000 shares to cover the underlying shares of warrants at an exercise price of ₱6.00 per share. Actual listing of the underlying common shares of the warrants shall take effect upon the exercise of the warrants.

iv. All warrants expired in 2005.

MAC's shares are listed and traded at the Philippine Stock Exchange, Inc. and it has approximately 851 holders of its common equity as of June 30, 2025 and December 31, 2024.

f. Cash dividends received by non-controlling interest are as follows:

Entity	Date Declared	Amount	Per share	Dividends attributable to non-controlling interest (SATS)
MACS	March 13, 2024	₱70,000,000	₱56.0	₱23,100,000
MACS	December 27, 2019	80,000,000	64.0	26,400,000
MACS	December 6, 2018	75,000,000	60.0	24,750,000
MACS	November 28, 2017	70,000,000	56.0	23,100,000
MACS	December 8, 2016	50,000,000	40.0	16,500,000

As of June 30, 2025 and December 31, 2024, ₱17.0 million and ₱96.4 million, respectively, remained outstanding and presented as “Dividends payable” in the consolidated balance sheets.

g. Acquisition of non-controlling interest
The sale of 250,001 shares representing 20% of the total issued and outstanding capital stock of MASCORP to Konoike amounting to ₱1.1 billion (JPY 2.3 billion) was accounted for as a sale of share in subsidiary without loss of control, thus an equity transaction. The excess of consideration received over the carrying amount of the non-controlling interests amounted to ₱886.8 million, which is presented as part of “Other reserves” in the equity section of the consolidated balance sheets.

In December 2015, MAPDC entered into a share purchase agreement with a third party wherein WBSI shall be owned by MAPDC and the third party at 51% and 49%, respectively. The transaction was accounted for as a sale of share in subsidiary without loss of control; thus an equity transaction. The excess of consideration received over the Company amount of the non-controlling interests amounted to ₱24.3 million, which is presented as part of “Other reserves” in the equity section of the balance sheets.

In August 2020, a third party has entered into a deed of absolute sale of shares wherein WBSI shall now be fully owned by MAPDC. The transaction between parent and non-controlling interest is accounted for as an equity transaction. The excess of consideration paid over the Company amount of the non-controlling interests amounted to ₱27.0 million, which is presented as reduction to “Other reserves” in the equity section of the 2020 consolidated balance sheets.

In July 2015, the Company signed a Sale and Purchase Agreement with SATS to sell 162,500 shares representing 13% of the total issued and outstanding capital stock of MACS. After the sale, MACS is 33% owned by SATS. The excess of consideration received over the carrying amount of the non-controlling interests amounted to ₱119.0 million, which is presented as part of “Other reserves” in the equity section of the balance sheets.

9. Capital Management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders and repurchase or issue new shares. The Group is not subject to externally imposed capital requirements as of June 30, 2025 and December 31, 2024. Further, no changes were made in the objectives, policies or processes for the period ended December 31, 2024 and for the six-month period ended June 30, 2025.

The Group monitors capital vis-à-vis after-tax profit. The Group also monitors the equity ratio. Equity considered by the Group is total equity in the consolidated balance sheets, excluding items arising from other comprehensive income. The return on equity ratio is computed by dividing the after-tax profit by total capital.

The following summarizes the total capital considered by the Group and the computation of the return on equity:

	30-Jun-25	31-Dec-24	30-Jun-24
Capital stock	**1,933,305,923**	1,933,305,923	1,933,305,923
Additional paid in capital	**281,437,118**	281,437,118	281,437,118
Treasury shares	**(459,418,212)**	(459,418,212)	(459,418,212)
Retained earnings	**4,788,519,974**	4,316,833,052	3,885,544,272
	6,543,844,803	6,072,157,881	5,640,869,101
Net income after tax	**777,097,371**	1,371,409,268	849,098,440
Return on equity	**11.88%**	22.59%	15.05%

10. Financial Risk Management Objectives and Policies

Risk Management Structure

Audit Committee

The Committee performs oversight role on financial management functions especially in the areas of managing credit, market, liquidity, operational, legal and other risks of the Group.

Risk Management Committee

The Committee assists the BOD in identifying and assessing the various risks to which the Group is exposed to. The Committee also ensures that the Group's management has implemented a process to identify, manage and report on the risks that might prevent the Group from achieving its strategic objectives.

Board of Directors

The BOD is responsible for the overall risk management approach and for approval of risk strategies and principles of the Group.

Financial Risk Management

The Group's principal financial instruments are comprised of cash and cash equivalents and some external liabilities which were availed of primarily to fund operations. The Group has other financial assets and financial liabilities such as trade receivables and payables which arise directly from operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The BOD reviews and approves policies for managing these risks and they are summarized as follows:

Foreign currency risk
The Group's transactional currency exposure arises from sales in currencies other than its functional currency and retaining its cash substantially in currency other than its functional currency. Approximately 74% of MACS' and 13% of MASCORP's revenue are denominated in US$ as of June 30, 2025. In addition, the Group closely monitors the foreign exchange rates fluctuations and regularly assesses the impact of future foreign exchange movements on its operations.

The following table demonstrates the impact on the Group's income before income tax and equity of reasonably possible changes in the US$, with all other variables held constant:

(in millions)	Movement in US$	Increase (decrease) on Income/Loss before Income Tax US$
2025	Increase of 5%	44.5
	Decrease of 5%	(44.5)
2024	Increase of 5%	35.6
	Decrease of 5%	(35.6)
2023	Increase of 5%	35.0
	Decrease of 5%	(35.0)

Credit and concentration risk
Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group trades only with related parties and duly evaluated and approved creditworthy third parties. It is the Group's policy that all customers and counterparties that wish to trade with the Group, particularly on credit terms, are subjected to credit verification procedures. In addition, receivable balances are monitored on a continuous basis. The Group has major concentration of credit risk given that the majority of the Group's cash and cash equivalents are deposited in the local affiliated bank and major customers of MASCORP and MSISC include PAL and APC. Management assessed and believes that the carrying amount of the trade receivable from related parties are collectible and that the Group is not exposed to any significant risk since these companies are related parties. Further, the local affiliated bank is one of the country's reputable banks.

With respect to credit risk arising from financial assets, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying values of these instruments. The Group only deals with financial institutions that have been approved by the BOD of the Company and those of its subsidiaries. The Group does not require any collateral and other credit enhancements. Consequently, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

For cash in bank, the Group applies the low credit risk simplification where the Group measures the ECLs on a 12-month basis based on the probability of default and loss given default which are publicly available. The Group also evaluates the credit rating of the bank and other financial institutions to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade and other receivables, an impairment analysis is performed at each reporting date using a provision matrix, however for customers with significant increase in risks of default general approach is used to measure ECLs. The provision rates are based on days past due for groupings of customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. On the other hand, for general approach, we determine the cash shortfall for the difference between the average monthly collection and the average current monthly service billing. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Product (GDP) growth rates
- Unemployment rates
- Inflation rates
- Interest rates
- Foreign currency exchange rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Based on the Group's credit risk experience, expected credit loss rate increases as the age of the receivables increase.

The tables below show the credit quality of the Group's financial assets and an aging analysis of past due but not impaired financial assets.

June 30, 2025	Current	Neither past due nor impaired Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days	ECL	Total
Loans and receivable:							
Cash in bank and cash equivalents*	2,217,715,736	-	-	-	-	-	2,217,715,736
Receivables:							
Trade	844,056,190	276,672,132	232,233,924	181,131,857	414,319,381	- 67,645,961	1,880,767,523
Dividends receivable	-	-	-	-	-	-	-
Due from officers and employees	31,626,524	-	-	-	-	-	31,626,524
Interest receivable	4,184,435	-	-	-			4,184,435
Other receivables	152,629,960		-	-			152,629,960
Non-Trade	78,750,101	-	-	-	-	-	78,750,101
Deposits	63,657,542	-	-	-	-	-	63,657,542
Contract Assets	4,897,953	-	-	-	-	-	4,897,953
Installment receivables	15,443,460	-	-	-	-	-	15,443,460
Finance lease receivable	14,002,674	-	-	-	-	-	14,002,674
	3,426,964,575	276,672,132	232,233,924	181,131,857	414,319,381	(67,645,961)	4,463,675,909

Exclusive of cash on hand amounting to P4,437,910 as of June 30, 2025.

December 31, 2024	Current	Past due Les than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	ECL	Total, net of ECL
Financial assets:							
Cash in bank	1,363,901,869	-	-	-	-	-	1,363,901,869
Trade receivables	915,460,353	366,404,130	168,360,653	94,692,788	426,756,387	(58,874,039)	1,912,800,272
Dividends receivable	-	-	-	-	-	-	-
Due from officers and employees	19,364,103	-	-	-	-	-	19,364,103
Interest receivable	5,812,609	-	-	-	-	-	5,812,609
Other receivables	119,723,538	-	-	-	-	-	119,723,538
Non-Trade	67,515,729	-	-	-	-	-	67,515,729
Deposits	66,970,989	-	-	-	-	-	66,970,989
Contract assets	112,573,120	-	-	-	-	-	112,573,120
Installment receivables	15,644,919	-	-	-	-	-	15,644,919
Finance lease receivable	14,517,847	-	-	-	-	-	14,517,847
	2,701,485,076	366,404,130	168,360,653	94,692,788	426,756,387	(58,874,039)	3,698,824,995

Exclusive of cash on hand amounting to P5,380,731 as of December 31, 2024.

Impairment assessment

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group assesses impairment on an individual account basis for all stage 3 assets, regardless of the class of financial assets. Stage 1 and stage 2 assets are assessed on a collective basis.

Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realizable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention even at interim.

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The Group considers its cash and cash equivalents (including restricted cash investment) as high grade since these are placed in financial institutions of high credit standing. Accordingly, ECLs relating to cash and cash equivalents rounds to zero. The Group considers its dividend receivables as high grade as these are due from an associate who has strong capacity to pay; thus, LGD is considered low and no ECL is recognized. The Group considers its advances to officers and employees as standard grade as collectability is assured through salary deduction. Accordingly, the LGD is considered low; thus, no ECLs are recognized on the advances to employees.

Interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's notes payable with floating interest rates. The Group has a practice of keeping its interest-bearing liabilities to third parties within a threshold that can be serviced through operating cash flows.

Management closely monitors the behavior of interest rates to ensure that cash flow interest rate risk is kept within management's tolerable level. Finally, interest-bearing liabilities are ordinarily incurred on a short-term basis only.

The following table sets forth the estimated change in the Group's income before income tax (through the impact on the variable rate borrowings) due to parallel challenges in the interest rate curve in terms of basis points (bp) as of June 30, 2025, with all other variables held constant. There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

	Increase (decrease) in income before income tax	
	June 30, 2025	December 31, 2024
	(in millions)	(in millions)
100 bp rise	**(₱21.61)**	(₱8.58)
100 bp fall	**21.61**	8.58
50 bp rise	**(10.80)**	(4.29)
50 bp fall	**10.80**	4.29

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations when they fall due under normal and stress circumstances. To limit this risk, management manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows which could be used to secure additional funding if required.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of operating cash flows and short-term bank loans.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual and undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. The table also analyses the maturity profile of the Group's financial assets held for managing liquidity in order to provide complete view of the Group's contractual commitments and liquidity.

As of June 30, 2025	< 1 year	>1-2 years	>2-3 years	>5 years	Total
Loans and receivables:					
Cash and cash equivalents	2,222,153,646	-	-	-	2,222,153,646
Receivables:					
Trade	1,880,767,523	-	-	-	1,880,767,523
Dividends receivable	-	-	-	-	-
Interest receivable	4,184,435	-	-	-	4,184,435
Installment receivable	15,443,460				15,443,460
Finance lease receivable	262,982	990,339	1,626,747	11,122,606	14,002,674
Deposits	-	-	-	63,657,542	63,657,542
	4,122,812,046	990,339	1,626,747	74,780,148	4,200,209,280
Other financial liabilities:					
Accounts payable and					
accrued liabilities	2,304,305,258	-	-	-	2,304,305,258
Notes Payable	519,000,000	-	-	-	519,000,000
Long-term debts	337,403,383	206,424,735	229,351,014	903,303,895	1,676,483,028
Dividends payable	16,980,117	-	-	-	16,980,117
Deposit	-	-	-	65,823,730	65,823,730
	3,177,688,759	206,424,735	229,351,014	969,127,625	4,582,592,134
Liquidity position	945,123,287	(205,434,396)	(227,724,267)	(894,347,477)	(382,382,853)

As of Dec. 31, 2024	< 1 year	>1-2 years	>2-3 years	>5 years	Total
Loans and receivables:					
Cash and cash equivalents	1,369,282,600	-	-	-	1,369,282,600
Receivables:					
Trade	1,912,800,273	-	-	-	1,912,800,273
Interest receivable	5,812,609	-	-	-	5,812,609
Installment receivable*	14,898,121	3,420	5,146	738,231	15,644,918
Finance lease receivable**	272,657	1,026,774	1,686,597	11,531,818	14,517,847
Other Receivable	119,152,261	-	-	-	119,152,261
Deposits***	-	-	-	66,970,989	66,970,989
	3,422,218,521	1,030,194	1,691,743	79,241,038	3,504,181,496
Other financial liabilities:					
Accounts payable and accrued					
liabilities****	2,101,660,332	-	-	-	2,101,660,332
Notes payable*****	130,326,939	-	-	-	130,326,939
Long-term debts	445,386,623	100,405,494	40,207,851	265,967,205	851,967,173
Dividends payable	96,402,629	-	-	-	96,402,629
Deposit******	-	-	-	68,651,786	68,651,786
	2,773,776,523	100,405,494	40,207,851	334,618,991	3,249,008,859
Liquidity position	648,441,998	(99,375,300)	(38,516,108)	(255,377,953)	255,172,637

**Gross of unearned interest income of nil. The current portion amounting to P15,644,919 is presented under trade.*

*** Gross of unearned interest income of P3,605,262 exclusive of P571,308 included under trade.*

****Exclusive of nonfinancial liabilities of P197,874,530*

*****Inclusive of future interest.*

11. Fair Value of Financial Instruments

The following is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are reflected in the consolidated financial statements as of June 30, 2025 and December 31, 2024:

As at 30 June 2025			**Fair value measurements using**		
	Date of valuation	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measures at fair value:					
Equity instruments designated at FVTOCI	June 30, 2025	**160,155,800**		**160,155,800**	**-**
Assets for which fair value is disclosed:					
Installment receivables	June 30, 2025	**15,443,460**	**-**	**-**	**15,443,460**
Finance lease receivable		**14,002,674**	**-**		**14,002,674**
Investment property		**143,852,303**	**-**	**-**	**490,544,000**
Deposits		**63,657,542**	**-**	**-**	**63,657,542**
Liabilities for which fair value is disclosed					
Long term debts	June 30, 2025	**1,676,483,028**	**-**	**1,676,483,028**	**-**
Deposits		**65,823,730**	**-**	**-**	**65,823,730**

As at 31 December 2024			**Fair value measurements using**		
	Date of valuation	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measures at fair value:					
Equity instruments designated at FVTOCI	December 31, 2024	160,155,800	-	160,155,800	-
Assets for which fair value is disclosed:					
Installment receivables	December 31, 2024	15,644,919	-	-	15,644,919
Finance lease receivable		14,517,847	-	-	14,517,847
Investment property		143,852,303	-	-	490,544,000
Deposits		66,970,989	-	-	66,970,989
Liabilities for which fair value is disclosed					-
Deposits	December 31, 2024	68,651,786	-	-	68,651,786
Long term debts		782,347,348	-	782,347,348	-

The Group determined that its investment in golf club shares is categorized at Level 2 in the fair value hierarchy. The Group assessed that, while there is a market for these securities, transactions are infrequent.

There have been no transfers between Level 1 and 2 in 2025 and 2024.

Cash and cash equivalents, receivables, accounts payables, accrued liabilities and notes payable

The carrying values of cash and cash equivalents, receivables and accounts payable, accrued liabilities, dividend payables and notes payable approximate their fair value due to their short-term nature.

Installment receivables and deposits

The carrying values of installment receivables and deposits are determined based on the present value of expected cash flows discounted at the Group's borrowing rate.

Dividends payable

The carrying value of dividends payable approximates its fair value since they are expected to be settled within a short period of time after its declaration.

Long-term debts

The carrying value of long-term debts approximate its fair value due to the re-pricing feature of the interest it carries.

Equity instruments designated at FVTOCI

The Group's investments in golf club share and other proprietary shares are carried at fair value based on published club share quotes that are publicly available from the local dailies and from the website of club share brokers.

Investment property

The Philippine SEC-accredited and independent appraiser used the "Market Data Approach" in valuing the property. The Group has determined that the highest and best use of the property is its current use (i.e., industrial purpose).

INDEX TO SUPPLEMENTARY SCHEDULES

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY
• LUFTHANSA TECHNIK PHILIPPINES, INC.
• CEBU PACIFIC CATERING SERVICES
• JAPAN AIRPORT SERVICE CO., LTD.

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY

LUFTHANSA TECHNIK PHILIPPINES, INC.
SUMMARIZED INTERIM STATEMENTS OF INCOME
in PHP

	January to June	
	(UNAUDITED) 2025	(UNAUDITED) 2024
REVENUE		
Core Revenue	₱ 6,095,396,927	₱ 5,309,440,912
Subcon/Reimbursement	3,140,409,803	3,207,972,533
TOTAL REVENUE	9,235,806,730	8,517,413,445
LESS: COST OF SALES	4,359,825,276	4,243,526,241
GROSS PROFIT	4,875,981,454	4,273,887,204
LESS: OPERATING EXPENSES	3,537,889,604	3,646,366,626
INCOME FROM OPERATIONS	1,338,091,850	627,520,578
LESS/ (ADD): OTHER CHARGES/(INCOME)	129,548,592	(57,797,721)
INCOME BEFORE INCOME TAX	1,208,543,258	685,318,299
LESS: PROVISION FOR INCOME TAX	111,054,506	92,990,058
NET INCOME	₱ 1,097,488,752	₱ 592,328,240
EQUITY SHARE IN NET INCOME (49%)	₱ 537,769,488	₱ 290,240,838

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY

CEBU PACIFIC CATERING SERVICES
SUMMARIZED STATEMENTS OF INCOME
In PHP

		January to June		
		UNAUDITED 2025		UNAUDITED 2024
REVENUE	₱	141,538,733	₱	100,593,777
LESS: COST OF SALES		77,266,144		53,379,398
GROSS PROFIT		64,272,589		47,214,379
LESS: OPERATING EXPENSES		7,928,665		7,298,332
INCOME FROM OPERATIONS		56,343,925		39,916,047
LESS/ (ADD): OTHER CHARGES/(INCOME)		1,502,922		(2,638,161)
INCOME BEFORE INCOME TAX		54,841,003		42,554,208
LESS: PROVISION FOR INCOME TAX		3,213,629		2,571,246
NET INCOME	₱	51,627,374	₱	39,982,962
EQUITY SHARE IN NET INCOME (40%)	₱	20,650,949	₱	15,993,185

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY

JAPAN AIRPORT SERVICE CO., LTD.
SUMMARIZED STATEMENTS OF INCOME
In PHP

		January to June		
		UNAUDITED 2025		UNAUDITED 2024
REVENUE	₱	1,060,638,972	₱	821,024,428
LESS: COST OF SALES		840,198,373		638,114,335
GROSS PROFIT		220,440,599		182,910,093
LESS: OPERATING EXPENSES		44,000,411		39,310,011
INCOME FROM OPERATIONS		176,440,188		143,600,082
LESS/ (ADD): OTHER CHARGES/(INCOME)		1,487,288		1,285,586
INCOME BEFORE INCOME TAX		177,927,476		144,885,668
LESS: PROVISION FOR INCOME TAX		2,731,250		43,090
NET INCOME	₱	175,196,226	₱	144,842,578
EQUITY SHARE IN NET INCOME (30%)	₱	52,558,868	₱	43,452,773