



CERTIFICATION

I, **RICARDO F. DE LOS REYES**, Chief Finance Officer of Maynilad Water Services, Inc. (the "Company") with SEC registration number A1996-11651 with principal office at Maynilad Building, MWSS Complex, Katipunan Avenue, Pansol 1119 Quezon City, do hereby certify and state that:

1. In compliance with Section 12 of the Securities and Exchange Commission (the "SEC") Memorandum Circular No. 3 Series of 2021 and the notice issued by the SEC on March 12, 2025, the Company is hereby filing its 17-Q Report for the period ended September 30, 2025, by submitting the same in portable document format ("PDF") through the Electronic Filing and Submission Tool ("eFAST") at <https://efast.sec.gov.ph/user/login> and pdex.disclosure@pds.com.ph, and inputting the report into the Philippine Stock Exchange ("PSE") Edge website at <https://edge.pse.com.ph/>, in accordance with the relevant Philippine Dealing and Exchange Corporation ("PDex"), SEC and PSE Rules;
2. The information contained in the 17-Q Report for the period ended September 30, 2025, is true and correct to the best of my knowledge;
3. I am executing this certification this 13th of November 2025 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.


RICARDO F. DE LOS REYES
Chief Finance Officer 

COVER SHEET

for
SEC FORM 17-Q

SEC Registration Number

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COMPANY NAME

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p	a	n	y	,		I	n	c	.)																				

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

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Form Type

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Department requiring the report

S	E	C
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Secondary License Type, if Applicable

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COMPANY INFORMATION

Company's Email Address

corpsec@mayniladwater.com.ph

Company's Telephone Number

8920-5485

Mobile Number

09985305923

No. of Stockholders

424

Annual Meeting (Month / Day)

4th Tuesday of April

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Ricardo F. de los Reyes

Email Address

Ricardo.delosReyes@
mayniladwater.com.ph

Telephone Number/s

8981-3310

Mobile Number

—

CONTACT PERSON'S ADDRESS

Maynilad Building, MWSS Complex, Katipunan Avenue, Pansol, 1119 Quezon City

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

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

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended: September 30, 2025
2. SEC identification number: A1996-11651
3. BIR Tax Identification No.: 005-393-442
4. Exact name of issuer as specified in its charter: MAYNILAD WATER SERVICES, INC. (formerly, BENPRES-LYONNAISE WATERWORKS, INC.) ("Maynilad" or the "Corporation")
5. Province, country or other jurisdiction of incorporation or organization: Quezon City, Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office: Maynilad Building, MWSS Complex, Katipunan Ave., Pansol, Quezon City
8. Postal code: 1119
9. Issuer's telephone number, including area code: (632) 8920-5485
10. Former name, former address, & former fiscal year, if changed since last report: N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA:

<u>Title of Each Class</u>	<u>Number of common Stock Outstanding or Amount of Debt Outstanding</u>
Series A Blue Bonds Due 2029	₱9,000,000,000.00
Series B Blue Bonds Due 2034	₱6,000,000,000.00

12. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [] No [x]

13. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 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 [x] No []

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

Yes [x] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Nine-Month Period Ended 2025 Financial Statements are hereto attached and made integral part of this report.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to the attached nine-month period ended 2025 Management's Discussion and Analysis of the Financial Condition and Results of Operations.

PART II--OTHER INFORMATION

None.

SIGNATURES

Issuer **MAYNILAD WATER SERVICES, INC.**



RICARDO F. DE LOS REYES
Chief Finance Officer

Date: November 13, 2025

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements

Maynilad Water Services, Inc.
and Subsidiaries

(A Subsidiary of Maynilad Water Holding Company, Inc.)

Consolidated Financial Statements

As at September 30, 2025 (Unaudited) and December 31, 2024 (Audited)

and

For the Nine Months Ended September 30, 2025 (Unaudited) and 2024 (Audited)

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES**(A Subsidiary of Maynilad Water Holding Company, Inc.)****INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***(Amounts in Thousands)*

	Unaudited	Audited
	As of	As of
	September 30, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 23 and 24)	₱6,425,042	₱10,519,541
Trade and other receivables (Notes 3, 5, 14, 23 and 24)	3,213,031	2,722,872
Contract assets (Notes 7, 14, 23 and 24)	1,664,250	1,386,458
Other current assets (Notes 6, 14, 23 and 24)	2,717,551	2,130,695
Total Current Assets	14,019,874	16,759,566
Noncurrent Assets		
Service concession assets (Notes 3, 7, 10, 11, 15 and 21)	189,300,653	168,339,382
Property and equipment (Notes 3 and 8)	2,326,962	1,963,230
Financial asset at fair value through other comprehensive income (Notes 9, 23 and 24)	124,864	124,864
Other noncurrent assets (Notes 3, 5, 6, 14, 21, 23 and 24)	11,197,461	10,983,572
Total Noncurrent Assets	202,949,940	181,411,048
Total Assets	₱216,969,814	₱198,170,614
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 3, 12, 14, 15, 22, 23 and 24)	₱28,325,806	₱24,157,077
Short-term and current portion of interest-bearing loans (Notes 7, 11, 23 and 24)	2,685,177	4,186,065
Current portion of service concession obligation payable to MWSS (Notes 7, 10, 23 and 24)	1,057,847	1,027,255
Income tax payable	998,117	787,944
Total Current Liabilities	33,066,947	30,158,341
Noncurrent Liabilities		
Interest-bearing loans - net of current portion (Notes 7, 11, 23 and 24)	90,924,265	79,461,471
Service concession obligation payable to MWSS - net of current portion (Notes 7, 10, 23 and 24)	5,957,964	6,294,526
Deferred tax liabilities - net (Note 16)	2,163,611	1,737,595
Deferred credits (Note 3)	894,161	1,379,554
Retirement liability (Note 3)	677,899	870,805
Customers' deposits (Notes 23 and 24)	657,140	605,611
Other noncurrent liabilities (Notes 2 and 14)	2,125,201	2,307,761
Total Noncurrent Liabilities	103,400,241	92,657,323
Total Liabilities	₱136,467,188	₱122,815,664

(Forward)

	Unaudited As of September 30, 2025	Audited As of December 31, 2024
Equity		
Capital stock (Notes 1 and 13)	P5,683,728	P5,683,728
Additional paid-in capital (Note 13)	10,030,294	10,030,294
Treasury shares (Note 13)	(960,555)	(960,555)
Other comprehensive income (loss) (Note 9)	(471,460)	(607,544)
Other equity adjustments (Note 13)	(309,220)	(309,220)
Retained earnings (Note 13)		
Unappropriated	25,980,839	20,969,247
Appropriated	40,549,000	40,549,000
Total Equity	80,502,626	75,354,950
Total Liabilities and Equity	P216,969,814	P198,170,614

See accompanying Notes to Consolidated Financial Statements.

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES
(A Subsidiary of Maynilad Water Holding Company, Inc.)

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings per Share Value)

	Three Months Ended September 30		Nine Months Ended September 30	
	Unaudited		Unaudited	Audited
	2025	2024	2025	2024
OPERATING REVENUE (Note 14)				
Water services				
West zone	P7,240,035	P6,944,509	P21,545,277	P20,453,873
Outside west zone	106,022	87,143	282,942	261,743
Wastewater services				
West zone	1,897,720	1,448,581	5,654,892	4,357,249
Others	57,495	97,070	170,194	172,457
	9,301,272	8,577,303	27,653,305	25,245,322
COSTS AND EXPENSES				
Amortization of service concession assets (Notes 3 and 7)	785,898	736,353	2,311,105	2,204,717
Salaries, wages and benefits (Notes 3 and 15)	734,363	789,758	2,247,053	2,006,290
Utilities	307,919	77,337	1,045,591	1,048,078
Contracted services	309,897	343,206	1,035,247	919,366
Taxes and licenses	269,925	148,891	819,676	804,241
Repairs and maintenance	77,978	112,560	541,162	517,971
Materials and supplies	150,299	204,286	434,921	677,663
Depreciation and amortization (Notes 3, 8 and 21)	148,848	138,181	431,447	394,267
Provision for (reversal of) expected credit losses (Notes 3 and 5)	54	(57,408)	83,759	4,830
Regulatory costs	75,521	69,795	226,562	210,661
Purchased water	85,348	42,179	211,774	252,318
Business meetings and representations	43,154	43,380	132,386	123,808
Collection charges	33,356	31,654	123,211	120,359
Transportation and travel	29,591	50,039	90,908	125,790
Advertising and promotion	8,416	10,297	64,725	32,356
Rental (Notes 21 and 22)	(15,202)	19,039	64,348	53,481
Insurance	10,400	(4,537)	42,545	27,851
Others	364,978	190,008	573,010	478,321
	3,420,743	2,945,018	10,479,430	10,002,368
INCOME BEFORE OTHER INCOME (EXPENSES)	P5,880,529	P5,632,285	P17,173,875	P15,242,954

(Forward)

	Three Months Ended September 30		Nine Months Ended September 30	
	Unaudited		Unaudited	Audited
OTHER INCOME (EXPENSES)	2025	2024	2025	2024
Revenue from rehabilitation works	₱7,127,569	₱6,459,609	₱20,053,409	₱17,587,176
Cost of rehabilitation works	(7,127,569)	(6,459,609)	(20,053,409)	(17,587,176)
Interest expense and other financing charges	(573,176)	(619,843)	(1,730,677)	(1,827,385)
Foreign exchange gains (losses) - net (Note 22)	(221,204)	(441,568)	(947,953)	(1,033,865)
Foreign currency differential adjustments (FCDA) (Note 3)	225,497	437,562	949,285	1,041,470
Interest income (Note 4)	54,079	185,863	128,420	266,195
Others - net (Notes 8, 9 and 12)	(414,839)	(1,218,391)	(776,186)	(1,185,368)
	(929,643)	(1,656,377)	(2,377,111)	(2,738,953)
INCOME BEFORE INCOME TAX	4,950,886	3,975,908	14,796,764	12,504,001
PROVISION FOR INCOME TAXES (Note 16)				
Current	989,688	891,198	2,977,681	2,600,766
Deferred	16,235	(314,252)	407,492	236,831
	1,005,923	576,946	3,385,173	2,837,597
NET INCOME	₱3,944,963	₱3,398,962	₱11,411,591	₱9,666,404
Basic Earnings per Share (Note 18)	₱0.70	₱0.75	₱2.03	₱2.14
Diluted Earnings per Share (Note 18)	₱0.70	₱0.75	₱2.03	₱2.12

See accompanying Notes to Consolidated Financial Statements

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES**(A Subsidiary of Maynilad Water Holding Company, Inc.)****INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2025 & 2024***(Amounts in Thousands, Except Earnings per Share Value)*

	Three Months Ended September 30		Nine Months Ended September 30	
	Unaudited		Unaudited	Audited
	2025	2024	2025	2024
NET INCOME	₱3,944,963	₱3,398,962	₱11,411,591	₱9,666,404
OTHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent period:				
Remeasurement income (loss) on retirement plan	–	(578,676)	154,782	(578,676)
Income tax effect	–	53,817	(18,698)	53,817
	–	(524,859)	136,084	(524,859)
TOTAL COMPREHENSIVE INCOME	₱3,944,963	₱2,874,103	₱11,547,676	₱9,141,544

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES

(A Subsidiary of Maynilad Water Holding Company, Inc.)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025 & 2024

(Amounts in Thousands)

	Capital Stock (Notes 1 and 13)	Additional Paid-in Capital (Note 13)	Treasury Shares (Note 13)	Other Comprehensive Income (Loss) (Note 9)	Other Equity Adjustments (Note 13)	Retained Earnings (Note 13)		Total
						Unappropriated	Appropriated	
At December 31, 2024	₱5,683,728	₱10,030,294	(₱960,555)	(₱607,544)	(₱309,220)	₱20,969,247	₱40,549,000	₱75,354,950
Total comprehensive income	—	—	—	136,084	—	11,411,591	—	11,547,676
Dividends declared	—	—	—	—	—	(6,400,000)	—	(6,400,000)
At September 30, 2025 (Unaudited)	₱5,683,728	₱10,030,294	(₱960,555)	(₱471,460)	(₱309,220)	₱25,980,839	₱40,549,000	₱80,502,626

	Capital Stock (Notes 1 and 13)	Additional Paid-in Capital (Note 13)	Treasury Shares (Note 13)	Other Comprehensive Income (Loss) (Note 9)	Other Equity Adjustments (Note 13)	Retained Earnings (Note 13)		Total
						Unappropriated	Appropriated	
At December 31, 2023	₱4,546,982	₱10,041,662	(₱391,919)	(₱108,427)	(₱309,220)	₱25,641,222	₱28,750,000	₱68,170,300
Total comprehensive income	—	—	—	(524,859)	—	9,666,404	—	9,141,545
Acquisition of treasury shares	—	—	(89,805)	—	—	—	—	(89,805)
Dividends declared	—	—	—	—	—	(4,505,000)	—	(4,505,000)
At September 30, 2024 (Audited)	₱4,546,982	₱10,041,662	(₱481,724)	(₱633,286)	(₱309,220)	₱30,802,626	₱28,750,000	₱72,717,040

See accompanying Notes to Consolidated Financial Statements.

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES

(A Subsidiary of Maynilad Water Holding Company, Inc.)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025 & 2024

(Amounts in Thousands)

	Unaudited	Audited
	Period Ended September 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P14,557,764	P12,504,001
Adjustments for:		
Amortization of service concession assets (Notes 3 and 7)	2,311,105	2,204,717
Interest expense and other financing charges (Notes 10, 11, 17 and 21)	1,730,677	1,827,385
Depreciation and amortization (Notes 3, 8 and 21)	431,447	394,267
Interest income (Note 4)	(128,420)	(266,195)
Retirement cost	143,869	95,230
Dividend income (Note 9)	(5,000)	(28,000)
Provision for expected credit losses (Notes 3 and 5)	83,759	4,830
Unrealized foreign exchange losses (gains)	(501)	(1,182)
Gain on sale of property and equipment (Note 8)	(35)	(51)
Operating income before working capital changes	19,363,665	16,735,002
Increase in:		
Trade and other receivables	(490,159)	(495,576)
Contract assets	(277,792)	(213,943)
Other current assets	(586,855)	(280,393)
Other noncurrent assets	(2,815,283)	–
Additions to service concession assets (Notes 7 and 25)	(20,670,981)	(19,960,221)
Increase (decrease) in:		
Trade and other payables	6,436,613	5,615,327
Other noncurrent liabilities	(131,031)	467,820
Cash generated from operations	828,176	1,868,016
Contributions to pension fund	(182,092)	(88,848)
Interest received	150,296	245,145
Income taxes paid	(2,767,509)	(2,163,003)
Net cash provided by (used in) operating activities	(1,971,129)	(138,690)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in other noncurrent assets	–	526,554
Acquisitions of property and equipment (Note 8)	(309,430)	(332,057)
Dividends received (Note 9)	5,000	28,000
Proceeds from sale of property and equipment (Note 8)	35	51
Net cash provided by (used in) investing activities	(304,395)	222,548
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the availment/drawdown of interest-bearing loans (Notes 11 and 26)	12,902,332	24,742,525
Payments of:		
Dividends (Notes 13 and 26)	(6,399,665)	(4,503,885)
Interest-bearing loans (Notes 11 and 26)	(3,357,211)	(1,641,296)
Service concession obligation payable to MWSS (Notes 10 and 26)	(922,731)	(947,242)
Lease liabilities (Notes 21 and 26)	(142,160)	(120,134)
Interest paid (Note 26)	(3,899,540)	(2,842,258)
Acquisition of treasury shares (Note 13)	–	(89,805)
Net cash flows from (used in) financing activities	(1,818,975)	14,597,905
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,094,499)	14,681,763
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,519,541	4,902,556
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	P6,425,042	P19,584,319

See accompanying Notes to Consolidated Financial Statements.

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES

(A Subsidiary of Maynilad Water Holding Company, Inc.)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Earnings per Share Value and Unless Otherwise Specified)
2025 numbers are unaudited, while 2024 numbers are audited.

1. Corporate Information and Status of Operations

General

Maynilad Water Services, Inc. (Maynilad or the Parent Company) was incorporated on January 22, 1997 in the Philippines primarily to bid for the operation of the privatized system of waterworks and wastewater services of the Metropolitan Waterworks and Sewerage System (MWSS) for Metropolitan Manila.

On October 26, 2011, the Securities and Exchange Commission (SEC) approved the amendment of the Articles of Incorporation to amend its primary purpose to include the provision of allied and ancillary services and undertaking such other activities incidental to its secondary purposes.

On December 27, 2024, the SEC approved the amendments of the Articles of Incorporation to change its principal office address and capitalization (see Note 13).

Effective Interest in Maynilad

Maynilad Water Holding Company, Inc. (MWHCI) and Maynilad Subscription Agreements.

Pursuant to the Subscription Agreements executed between Maynilad and MWHCI, a company incorporated in the Philippines and a 51.27% owned subsidiary of Metro Pacific Investments Corporation (MPIC), MWHCI subscribed to 134,022 common shares of Maynilad at par value on December 28, 2012. However, such shares were issued only on February 13, 2013. Along with the additional subscription to 402,067 common shares, this increased MWHCI's ownership interest in Maynilad to 92.85% as at December 31, 2013. In 2024, upon amendments of Maynilad's Articles of Incorporation and subsequent issuance of shares, MWHCI ownership increased from 92.85% to 94.40% (see Note 7).

MCNK JV Corporation and MWHCI Subscription Agreements.

On December 28, 2012, a subscription agreement was executed between MCNK JV Corporation (MCNK, a subsidiary of the Japan-listed entity, Marubeni Corp.) and MWHCI where MCNK subscribed to 169,617,682 common shares of MWHCI. On February 13, 2013, MCNK and MWHCI entered into another subscription agreement for MCNK's additional subscription to 508,853,045 common shares, resulting in a 21.54% interest in MWHCI. On the same date, MPIC purchased 154,992,852 common shares of MWHCI from DMCI Holdings, Inc. (DMCI, a listed Philippine entity), resulting in ownership interests of 51.27% and 27.19% for MPIC and DMCI, respectively, as at December 31, 2013.

As at September 30, 2025 and December 31, 2024, Maynilad is a 94.40% owned subsidiary of MWHCI. In addition, MPIC directly owns 5.28% of the Company, resulting in an effective ownership interest of 53.68% as at September 30, 2025 and December 31, 2024.

Metro Pacific Holdings, Inc. (MPHI) owns 46.28% of the total issued common shares of MPIC as at September 30, 2025 and December 31, 2024. As the sole holder of the voting Class A preferred shares, MPHI's combined voting interest, as a result of all of its shareholdings in MPIC, is estimated at 58.34% as at September 30, 2025 and December 31, 2024.

MPHI is a Philippine corporation whose stockholders are Enterprise Investment Holdings, Inc. (EIH; 60.0% interest), Intalink B.V. (26.7% interest) and First Pacific International Limited (FPIL; 13.3%

interest). First Pacific Company Limited (FPC), a Hong Kong-based investment holding company incorporated in Bermuda and listed in The Hong Kong Stock Exchange, through its subsidiaries, Intalink B.V. and FPIL, holds 40.0% equity interest in EIH. Under Hong Kong Generally Accepted Accounting Principles, FPC is required to account for the results and assets and liabilities of EIH and its subsidiaries as part of FPC group companies in Hong Kong.

The newly registered office address of the Parent Company is Maynilad Building, MWSS Complex, Katipunan Avenue, Pansol, 1119 Quezon City.

The accompanying unaudited interim consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on November 13, 2025.

Concession Agreement

On February 21, 1997, Maynilad entered into a Concession Agreement with the MWSS (“Original Concession Agreement” or OCA). Under the OCA, MWSS granted Maynilad, as agent, the right to perform certain functions and to exercise certain rights and powers under the MWSS Charter, and as contractor, the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required (except certain retained assets of MWSS) to provide water and wastewater services in the West Service Area, as defined in the OCA. This includes the right to bill and collect for water and wastewater services supplied in the West Service Area for 25 years or until May 6, 2022 (the “Expiration Date”).

In April 2011, the Expiration Date was extended for 15 years, moving it to July 31, 2037, unless the OCA is pre-terminated due to an event of default. The MWSS approved the 15-year extension of the OCA in 2009 (see Notes 7, 10 and 21) and it was duly acknowledged by the Republic of the Philippines (RoP) through a Letter of Consent and Undertaking dated March 17, 2010 (“Republic Undertaking”).

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

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

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

1. Confirmation of the July 31, 2037 Expiration Date;
2. Imposition of a tariff freeze until December 31, 2022;
3. Removal of corporate income tax (CIT) from among Maynilad’s recoverable expenditures as well as the Foreign Currency Differential Adjustment (FCDA);
4. Capping of the annual inflation factor to 2/3 of the Consumer Price Index (CPI);
5. Imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the previous standard rate;

6. Removal from the Republic Undertaking of the non-interference of the Government in the rate-setting process, and the limitation of the RoP's financial guarantees to cover only those loans and contracts that are existing as of the signing of the RCA;
7. Replacement of the market-driven Appropriate Discount Rate (ADR) with a 12% fixed nominal discount rate; and
8. Retention of the rate rebasing mechanism where, subject to the rate caps in item 5 above, the rates for the provision of water and wastewater services will be set at a level that will allow Maynilad to recover, over the term of the concession, expenditures efficiently and prudently incurred and to earn a reasonable rate of return.

The RCA was to take effect six months after its signing on May 18, 2021, or on November 18, 2021 ("Effective Date"), upon compliance with all the conditions precedent (CPs). However, the Republic Undertaking, which is among the CPs, has not yet been issued as of November 18, 2021. Hence, upon the request of the Concessionaires, the MWSS Board of Trustees (MWSS BOT), through a resolution passed on November 16, 2021, moved the RCA's Effective Date to December 18, 2021.

Maynilad, on December 14, 2021, again requested the MWSS BOT to defer the RCA's Effective Date by another two months (until February 16, 2022) or until the Republic Undertaking has been issued. Following the regular board meeting held on February 10, 2022, MWSS issued Resolution No. 2022-015-CO to further extend the Effective Date of the RCA for thirty (30) days or until March 18, 2022. On March 9, 2022, the MWSS BOT approved to defer further the RCA Effective Date from March 18, 2022, until such time that the Republic Undertaking is issued.

On June 9, 2022, Maynilad received a copy of Resolution No. 2022-073-CO dated June 2, 2022, which approved the further extension of the Effective Date of the RCA until June 30, 2022, subject to receipt of the signed Republic Undertaking as required under Article 16.3 (iii) (c) of the RCA.

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

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

Maynilad posited that the OCA, as amended by the Technical Corrections Agreement dated July 31, 1997, and Amendment No. 1 dated October 5, 2001, and extended by the Memorandum of Agreement and Confirmation dated April 22, 2010 ("2010 MOA"), and the Letter of Undertaking dated March 17, 2010 issued by the Department of Finance, remained valid and effective.

In the meantime, on January 22, 2022, Maynilad's legislative franchise or Republic Act (RA) No. 11600 (RA 11600) took effect. RA 11600, which granted Maynilad a 25-year franchise, or until 2047, to "establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and Province of Cavite," recognized the OCA and the 2010 MOA that extended the term of the concession for 15 years, or until 2037.

On August 9, 2022, pursuant to RA 11600, Maynilad formally applied for a 10-year extension of the RCA with the MWSS to be able to provide affordable water to its customers and mitigate anticipated tariff increases. On September 6, 2022, Maynilad provided MWSS the preliminary tariff impact simulations and highlighted the fiscal benefits of a 10-year extension of the RCA.

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

On May 10, 2023, MWSS and Maynilad signed the Amendments to the RCA, among which include the following highlights:

1. Adjustment in the CPI factor or "C" from $\frac{2}{3}$ to $\frac{3}{4}$ of the percentage change in the CPI for the Philippines;
2. Reinstatement of the FCDA, but only with respect to the (a) MWSS loans that are being and will be serviced by Maynilad, and (b) principal payments for drawn and undrawn amounts of Maynilad's foreign currency denominated loans existing as of June 29, 2022;
3. Introduction of a modified FCDA for Maynilad loans contracted after June 29, 2022. The FCDA and MFCDA mechanisms are based on the principle of "no over or under recovery" and does not impact the company's revenue position. However, this mechanism may be availed of only when there is an "extraordinary inflation" or "extraordinary deflation" of the Philippine Peso (i.e., more than 20% change in the base exchange rate), and the amount that may be recovered is capped (i.e., up to 50% of actual net forex gain over a period of one year);
4. Exclusion of certain events from what may not be considered as Material Adverse Government Action such as the amendment of existing rules, regulations, and other issuances resulting from acts of the legislative and judicial branches of government and delay or inaction by the Regulatory Office (MWSS-RO) on applications relating to rate adjustments filed by the Concessionaire; and
5. Deletion of the composition and decisions of the MWSS-RO from what may not be subject to arbitration.

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

Along with the Amendments to the RCA, the RoP issued, on May 10, 2023, the Republic Undertaking in the form agreed on by the Parties, the effectivity of which retroacted to July 1, 2022.

Pursuant to the requirement for a public hearing, Maynilad and the MWSS-RO conducted a public hearing/consultation on December 4, 2023 at the World Trade Center in Pasay City. On December 14, 2023, MWSS approved the 10-year extension from 2037 to 2047, pending the acknowledgment by the RoP through the Secretary of Finance. This acknowledgment is required for all amendments to the RCA. In a letter dated March 3, 2025, the Company was advised by MWSS that the Department of Finance recommended that MWSS adhere to the procedures under Republic Act No. 11966, or the Public-Private Partnership Code of the Philippines (the "PPP Code") and its implementing rules and regulations. The Department of Finance considered the 10-year extension of the RCA as a variation of an executed public-private partnership (PPP) contract, which, as a project that costs above ₱15.0 billion, requires the approval of the National Economic Development Authority (NEDA) Board in accordance with the General NEDA-Investment Coordination Committee (NEDA-ICC) Procedures as of April 25, 2024. Consequently, MWSS has informed Maynilad that a technical working group, comprising representatives from both MWSS and the

Company, will be formed to prepare the necessary documentation for submission to the NEDA-ICC. Thereafter, Maynilad expects the NEDA-ICC to review the submission.

On June 25, 2025, the Department of Economy, Planning and Development (DEPDev), formerly “NEDA” and Economy and Development Council approved the term extension of the Company’s RCA from July 31, 2037 to January 21, 2047. The approval was also confirmed and acknowledged by MWSS in its notice of approval letter to the Company per MWSS-DAE-O-25-1085 dated July 1, 2025 and who requested a formal response and supporting documentation addressing the Presidential directives. In compliance, Maynilad provided the necessary inputs on July 10, 2025. The approval is pending, awaiting acknowledgment from the Secretary of Finance as of November 13, 2025.

Concession Fees

The aggregate Concession Fees pursuant to the Concession Agreement is equal to the sum of the following:

- a. the percentage of the aggregate Philippine Peso equivalent due under any MWSS loan disbursed during the concession period, including MWSS loans for existing projects and the Umiray-Angat Transbasin Project (UATP), on the relevant payment date as specified in the RCA; and
- b. an amount equal to one-half of the annual budget for MWSS for that year, provided that such an annual budget shall not, for any year, exceed ₱200 million, subject to C adjustments.

As of January 2021, this was ₱576.66 million.

If the concession fees are not paid within the specified time, the United States (U.S.) Dollar equivalent of such unpaid amount may be drawn on the Parent Company’s performance bond. In addition, the unpaid amount shall be subject to penalties or default interest.

The concession fees have two major components: one referring to the Parent Company’s contributions for MWSS’ maintenance and operating expenditures (MOE) and the other, representing the MWSS’ cost of borrowings to its external creditors. The CPI-indexed portion of the former is treated as an operational expenditure of the concession, while the remaining non-CPI-linked MOE plus the company’s share in MWSS’s loans are capitalized as part of its service concession assets and amortized over the remaining duration of the concession period. The loan component of the company’s payment obligation in respect thereof rank at least *pari passu* with its unsecured payment obligations under other debt instruments.

Termination

MWSS has a right to terminate the RCA under certain circumstances, including, but not limited to, the company’s failure to provide 24-hour water supply at the required pressure that continues for 15 days or three days in cases where the failure could adversely affect public health or welfare, its insolvency, its failure to perform service obligations under the RCA that continues for not less than seven days after written notice from the MWSS-RO and which, in the reasonable opinion of MWSS, jeopardizes the provision of essential water and sewerage supply services to all or any significant part of the West Zone, or if the MWSS-RO determines that the company is charging more than the prescribed fees. In the case of an event of termination caused by the company, the concession may either (i) be assigned to a qualified replacement operator nominated by the lenders who have provided financing for its activities in the RCA or (ii) revert to MWSS, following an agreed procedure in the RCA. In either event, MWSS may draw on the Parent Company’s performance bond. If the Parent Company’s lenders fail to nominate a qualified replacement operator timely, then it is entitled to receive an early termination payment from MWSS, pursuant to a formula provided in the RCA. This payment consists of 75% of the value of assets not transferred to MWSS, capped at net Debt, plus 75% of the book value of shareholders’ equity adjusted for the net book value of fixed assets based on the concessionaire’s latest reported audited financial statements, costs of which have been approved by the MWSS-RO as an expenditure, without prejudice to MWSS demanding payment for penalties

and liquidated damages. For this purpose, “common good” means those actions for “the promotion of health and safety, enhance the right of the people to a balanced ecology and preserve the comfort and convenience of those within the service concession area”.

The Parent Company also has the right to terminate the concession for, among other things, the failure of MWSS to perform a material obligation under the RCA or upon occurrence of certain events that would impair the company’s rights, subject to a curing period. However, certain events that may be considered as “Material Adverse Government Action”, such as the reorganization of MWSS or any other regulatory agency, were excluded. In the case of early termination due to the fault of MWSS, the company is entitled to an early termination payment pursuant to a formula in the RCA. This payment includes the value of assets not transferred to MWSS, capped at net debt plus concessionaire loan breakage costs and shareholders’ equity adjusted for the net book value of fixed assets based on the concessionaire’s latest reported audited financial statements, costs of which have been approved by the MWSS-RO as an expenditure, without prejudice to MWSS demanding payment for penalties and liquidated damages.

Tariff Rate Determination under the Revised Concession Agreement

The Parent Company is mandated to deliver water and wastewater services to the West Zone until the end of the concession period under the RCA. Its services require spending for both operational expenditures for business operations and capital expenditures for infrastructure development. To recover such expenditures, the company is authorized to collect tariffs from customers throughout the concession period. The RCA is structured to allow the company to recover all approved costs, while earning a 12% annual rate of return on the opening cash position (OCP), which should ultimately be reduced to zero by the end of the concession period.

At the end of the recording period, the Parent Company’s activities in relation to carrying out its obligations under the RCA and its relevant receipts and expenditures, result in either a deficit or surplus cash flow. This cash flow is accumulated with the Parent Company’s latest OCP, plus 12% return applied to it, to form its interim cash position (ICP). The ICP is subject to audit of the MWSS-RO in the next rate rebasing, for recovery through an adjustment to the Parent Company’s tariff.

The Parent Company is entitled to recover its pre-operating, operating, capital maintenance and investment expenditures, taxes (excluding corporate income tax) and concession fees, while earning a fixed nominal return of 12%, before taxes, on these items. During a rate rebasing exercise, the Parent Company submits a business plan to the MWSS-RO for review, recommendation and approval. This business plan includes the Parent Company’s service obligations, such as agreed service coverage and service level targets and outlines all investment and expenditure requirements in the concession area necessary to meet these service obligations. For the current period, these rate caps are based on a pro-forma tariff that assumes the previous tariff freeze from 2020 to 2022 was not implemented. Considering certain agreed assumptions, the MWSS-RO determines the tariff adjustment required for the Company to recover its investments plus the guaranteed return over the concession’s remaining life. Prior to implementation, the approved business plan and corresponding tariff increases undergo public consultations. Tariffs are structured based on customer classification and customer consumption brackets, with higher consumption levels resulting in a higher water rate on a per cubic meter basis.

Every five years, as part of the rate rebasing process, the OCP is validated through an audit by the MWSS-RO of the Company’s historical receipts and expenditures. During the process, the MWSS-RO also reviews and validates the company’s Key Performance Indicators and Business Efficiency Measures (KPI-BEMs), which include its capital expenditure program and operating plans to fulfill service obligations. The MWSS-RO then sets the appropriate tariff based on the company’s performance vis-à-vis the agreed targets, as well as the prudence and efficiency of the execution of projects and activities specified in the business plan for the prior five-year period. Accordingly, the present value of future cash flows, calculated by using the Appropriate Discount Rate (ADR) of 12%,

should be equal and opposite to the OCP at the start of the rate rebasing period. The OCP represents potential headroom in financing its activities through possible tariff increases in future rate rebasing periods.

To achieve the appropriate tariff rate, a one-time equivalent adjustment to the prevailing tariff rate may be necessary. This adjustment, whether an increase or decrease, is typically staggered over the five-year rate rebasing period to mitigate consumer concerns over sudden tariff changes. The RCA imposes rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of previous standard rates. This structured approach ensures that Parent Company can continue to meet its service obligations while maintaining financial stability and transparency in its operations.

Rate Rebasing Exercise

The Parent Company has gone through six rate rebasing exercises, each of which covers five years. The following details the current rate rebasing exercise:

Sixth Rate Rebasing (2023-2027)

On October 24, 2022, Maynilad completed its public consultations for the 2023-2027 Rate Rebasing Exercise. The results of the exercise, which include updated targets for key Service Obligations (Water and Wastewater Coverage, Water Service Level and Non-Revenue Water) and an undertaking to spend more than ₱160 billion on capital expenditure projects over the period 2023-2027, have been shared through public consultations.

The proposed Business Plan for the 2023-2027 Rate Rebasing also involves the “catch-up” implementation in 2023 of inflation adjustments for 2020-2022, followed by a phased implementation of further tariff increases between 2024-2027.

On November 10, 2022, the MWSS BOT approved Maynilad’s Rate Rebasing Adjustment for the Sixth Rate Rebasing Period on a staggered basis as follows: (i) ₱3.29/cu.m. effective January 1, 2023; (ii) ₱6.26/cu.m. effective January 1, 2024; (iii) ₱2.12/cu.m. effective January 1, 2025; (iv) ₱0.84 to ₱1.01/cu.m. effective January 1, 2026; and (v) ₱0.80 to ₱1.01/cu.m. effective January 1, 2027. The environmental charge increased from 20% to 25% last January 1, 2025.

On December 12, 2024, Maynilad caused the publication of its Tariff Table, with the tariff adjustments taking effect on January 1, 2025.

RA 11600 – Maynilad’s Legislative Franchise

RA 11600 grants Maynilad a 25-year franchise to “establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and Province of Cavite.” RA 11600 affirms Maynilad’s authority to provide waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and the Province of Cavite. RA 11600 took effect on January 22, 2022, 15 days after its publication in the Official Gazette on January 7, 2022. The 25-year term will end on January 21, 2047.

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

- i. The grant of authority to the MWSS, when public interest for affordable water security so requires and upon application by Maynilad, to amend Maynilad’s RCA to extend its term (i.e., 2037) to coincide with the term of the franchise. In addition, the RCA shall also act as Maynilad’s Certificate of Public Convenience and Necessity for the operation of its waterworks and sewerage system. In the event the waterworks and sewerage system assets of MWSS pertaining to the Franchise Area are privatized by law, Maynilad shall have the right to match the highest compliant bid after a public bidding. The RCA between MWSS and

Maynilad shall remain valid unless otherwise terminated pursuant to its terms, or invalidated when national security, national emergency or public interest so requires;

- ii. The prohibition on the passing on of corporate income tax to Maynilad customers;
- iii. The requirement to publicly list at least 30% of Maynilad's outstanding capital stock within five years from the grant of the franchise;
- iv. The completion of Maynilad's water and sewerage projects to attain 100% coverage by 2037, which shall include periodic five-year completion targets; and
- v. The grant to Maynilad of the right of eminent domain insofar as it is may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance and operation of the services, subject to the limitations and procedures under the law.

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

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

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

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

2. Basis of Preparation and Summary of Material Accounting and Financial Reporting Policies

Basis of Preparation

The unaudited interim consolidated financial statements have been prepared on a historical cost basis. The unaudited interim consolidated financial statements are presented in Philippine Peso, which is the Parent Company's and all of its subsidiaries' (collectively referred to as the "Group") functional and presentation currency, and all amounts are rounded to the nearest thousand (₱000), except when otherwise indicated.

Statement of Compliance

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Statements*. Accordingly, the unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual audited consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2024.

The preparation of financial statements, in compliance with PFRS Accounting Standards, include statements named PFRS Accounting Standards and Philippine Accounting Standards (PAS), including Philippine Interpretations from International Financial Reporting Interpretations Committee

(IFRIC) issued by the Financial and Sustainability Reporting Standards Council (FSRSC) and Philippine Interpretations Committee (PIC).

Basis of Consolidation

The accompanying unaudited interim consolidated financial statements comprise the financial statements of the Company, which include the financial statements of the Parent Company and those entities that it controls.

The financial statements of Maynilad and the following subsidiaries that it controls comprise the unaudited interim consolidated financial statements.

<u>Subsidiary</u>	<u>Nature of Business</u>
Philippine Hydro, Inc. (Phil Hydro)	Bulk water supply and water distribution (outside the West Service Area)
Amayi Water Solutions Inc. (Amayi)	Water distribution (outside the West Service Area)

All subsidiaries are wholly-owned and were incorporated in the Philippines.

Phil Hydro. On August 3, 2012, the Parent Company, through a Share Purchase Agreement with a third party, acquired 100% ownership interest in Phil Hydro.

Phil Hydro is engaged in waterworks construction, engineering and engineering consulting services. Phil Hydro is currently undertaking water supply projects outside Metro Manila in line with the thrusts of the government under Presidential Decree No. 198, also known as the Provincial Water Utilities Act of 1973, which mandates the local government units to create and operate local water utilities and provide potable water to the public.

Phil Hydro has existing 25-year Bulk Water Supply Agreements (BWSAs) with various provincial municipalities outside the West Service Area and a Memorandum of Agreement (MOA) with certain provincial municipalities for the construction and operation of water treatment facilities for water distribution services.

Amayi. Amayi was incorporated for the purpose of operating, managing, maintaining and rehabilitating waterworks, wastewater and sanitation system and services outside the Concession Area.

On February 19, 2019, Amayi entered into a concession agreement with the Municipality of Boac, Marinduque. The concession agreement shall be effective for a period of 25 years beginning on the commencement date.

On January 23, 2020, the Office of the Boac Waterworks Operation of the Municipality of Boac, Marinduque notified Amayi of the order of their newly elected Municipal Mayor calling for the review and further study of the concession agreement.

On February 20, 2020, Amayi was informed through a letter from the Municipal Mayor that a joint legislative-executive panel has been created to review and re-examine the concession agreement, thus deferring the commencement date.

On January 23, 2024, operation of the Boac Waterworks has been turned over to Amayi.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies. All significant intercompany balances, transactions, income and expense and profits and losses from intercompany transactions are eliminated in full upon consolidation.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the new standards effective as at January 1, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise stated, the amendments did not have any material impact to the Group.

- Amendments to PAS 21, *Lack of exchangeability*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

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*

Effective beginning on or after January 1, 2027

- *PFRS 18, Presentation and Disclosure in Financial Statements*
- *PFRS 19, Subsidiaries without Public Accountability*
- *PFRS 17, Insurance Contracts*

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*

Fair Value Measurement

The Group measures financial instruments at fair value at each reporting date.

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

The Group's management determines the policies and procedures for both recurring and nonrecurring fair value measurements.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Fair value measurement disclosures are presented in Note 25.

Financial Instruments

Classification of financial assets

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost;
- financial assets measured at fair value through profit or loss (FVPL);
- financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss; and
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss.

The Group has no financial assets at FVPL and FVOCI where cumulative gains or losses previously recognized are reclassified to profit or loss as at September 30, 2025, and December 31, 2024.

Financial assets at amortized cost

A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statements of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "provision for expected credit losses" account in the consolidated statements of income.

This category includes cash and cash equivalents (excluding cash on-hand), trade and other receivables, restricted cash and deposits, which are presented under “Other current assets” and “Other noncurrent assets” in the consolidated statements of financial position.

Financial assets at FVOCI

A financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit losses model.

The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

- the Group’s right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Parent Company; and
- the amount of the dividend can be measured reliably.

The Group’s financial assets at FVOCI are their unquoted equity investments that are included in Note 9 as at September 30, 2025 and December 31, 2024.

Classification of financial liabilities

Financial liabilities are measured at amortized cost, except for the following:

- financial liabilities measured at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

This category includes trade and other payables (excluding statutory payables), interest-bearing loans, service concession obligation payable to MWSS, customers’ deposits, lease liabilities and other noncurrent liabilities.

The Group has no financial liabilities at FVPL as at September 30, 2025 and December 31, 2024.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when, and only when:

- the contractual rights to the cash flows from the financial asset expire, or
- the Group transfers the contractual rights to receive the cash flows of the financial asset in a transaction in which it either (i) transfers substantially all the risks and rewards of ownership of the financial asset, or (ii) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and the Group has not retained control.

When the Group retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay those cash flows to one or more entities, the Group treats the transaction as a transfer of a financial asset if the Group:

- has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
- is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

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

Financial liabilities

A financial liability is derecognized when the obligation under the liability has expired or is discharged or has cancelled. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

PFRS 9 introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

The Group recognizes expected credit losses (ECL) for the following financial assets that are not measured at FVPL:

- debt instruments that are measured at amortized cost;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL

For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12 months after the reporting date are recognized.

Stage 2: Lifetime ECL – not credit-impaired

For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL – credit-impaired

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized, and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

- Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”, or when the exposure is less than 30 days past due.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to “Trade and other receivables”.

Service Concession Assets and Service Concession Obligation Payable

Parent Company. The Parent Company accounts for its concession arrangement with MWSS in accordance with IFRIC 12, *Service Concession Arrangement*, under the Intangible Asset model as it receives the right (license) to charge users of public service. Under the Concession Agreement, the Parent Company is granted the sole and exclusive right and discretion during the concession period to manage, occupy, operate, repair, maintain, decommission, and refurbish the identified facilities required to provide water services. The legal title to these assets shall vest in MWSS at the end of the concession period.

Phil Hydro. Phil Hydro accounts for its Bulk Water Supply Agreements in accordance with IFRIC 12 under the Intangible Asset model as it receives the right (license) to charge users of public service.

Service concession assets (SCA) are recognized to the extent that the Group receives a license or right to charge the users of the public service. The SCA pertain to the fair value of the service concession obligations at drawdown date and construction costs related to the rehabilitation works performed by the Group. The SCA also include the present value of the “Service Concession Obligation Payable” assumed by the Parent Company at drawdown date and other local component cost and cost overruns by the Group, as well as cost of rehabilitation works incurred. The Parent Company’s SCA are amortized using the unit of production (UOP) method over the projected total billable water volume during the remaining term of the service concession arrangement. Phil Hydro amortizes its SCA using the straight-line method over the terms of the Bulk Water Supply Agreements and Memorandum of Agreement.

The amortization period for the service concession assets will begin when the assets are ready for their intended use.

The Group recognizes and measures revenue from rehabilitation works using the input method. Under this method, progress is measured by reference to actual costs incurred to date.

Cost of rehabilitation works, which includes all direct materials, labor costs and those indirect costs related to contract performance, is recognized consistent with the revenue recognition method applied. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, which may result in revisions to estimated costs and gross margins, are recognized in the year in which the revisions are determined.

Subsequent costs and expenditures related to the concession agreement are recognized as additions to SCA at fair value of obligations at drawdown date and cost of rehabilitation works.

Under IFRIC 12, if the operator provides construction or upgrade services, the consideration received or receivable by the operator shall be recognized in accordance with PFRS 15. The consideration may be rights to; (a) a financial asset, or (b) an intangible asset. The operator shall recognize an intangible asset to the extent that it receives a right (a license) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. However, both types of consideration are classified as a contract asset during the construction or upgrade period in accordance with PFRS 15.

Under the concession agreement with MWSS, the Parent Company is obligated to render rehabilitation projects. Revenue from the rehabilitation works is recognized as revenue as the service is being performed using the input method based on the actual costs incurred to date.

Service Concession Assets not yet available for use

For service concession assets not yet available for use as of reporting date, they are to be recognized as part of contract assets. These contract assets are tested for impairment similar with other non-financial assets under PAS 36, *Impairment of Assets*. These contract assets will form part of the service concession assets once completed.

Lease liabilities

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Property and Equipment

The Group's property and equipment consist of land and land improvements, instrumentation tools and other equipment, office furniture, fixtures and equipment, transportation equipment and right-of-use (ROU) assets that do not qualify as investment properties.

Property and equipment, except land, are stated at cost less accumulated depreciation and any impairment in value (see policy on Impairment of Nonfinancial Assets). Land is stated at cost.

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use, including capitalized borrowing costs incurred during the construction period.

ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. ROU assets are subject to impairment.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Land improvements	5 to 25 years
Instrumentation, tools and other equipment	5 years
Office furniture, fixtures and equipment	5 years
Transportation equipment	5 years
ROU assets – land and building	2 to 17.5 years
ROU assets – transportation equipment	2 to 5 years

The Group computes for depreciation charges based on the significant component of the asset.

The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

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

Impairment of Nonfinancial Assets

An assessment is made at each reporting date to determine whether there is any indication of impairment of any nonfinancial assets (i.e., property and equipment and SCA), or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the Group estimates the asset's or cash generating unit's (CGU) recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's value in use or its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the year in which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Foreign Currency-Denominated Transactions

Foreign exchange differentials arising from foreign currency transactions are credited or charged to operations. As approved by the MWSS BOT under Amendment No. 1 of the Concession Agreement, the following will be recovered through billings to customers:

- Restatement of foreign currency-denominated loans;
- Excess of actual concession fee payments over the amounts of concession fee translated using the base exchange rate assumed in the business plan approved every rate rebasing exercise;
- Excess of actual interest payments translated at exchange spot rates on settlement dates over the amounts of interest translated at drawdown date rates; and
- Excess of actual payments of other financing charges relating to foreign currency-denominated loans translated at exchange spot rates on settlement dates over the amount of other financing charges translated at drawdown date rates.

Under the Amendments to the RCA, FCDA will be based on the following: forex gains/losses arising from (a) principal and interest payments on all MWSS loans that are being and will be serviced by Maynilad, and (b) principal payments for drawn and undrawn amounts of Maynilad's foreign currency denominated loans existing as of June 29, 2022. For Maynilad loans contracted after June 29, 2022, a modified FCDA will apply, but it may be availed of only when there is an "extraordinary inflation" or "extraordinary deflation" of the Philippine Peso (i.e., more than 20% change in the base exchange rate), and the amount that may be recovered is capped.

In view of the automatic reimbursement mechanism, the Parent Company recognizes deferred FCDA (included as part of "Other noncurrent assets" or "Deferred credits" accounts in the consolidated statements of financial position) with a corresponding credit (debit) to FCDA revenues for the unrealized foreign exchange losses (gains), which have not been billed or which will be refunded to the customers. The write-off of the deferred FCDA or reversal of deferred credits pertaining to concession fees will be made upon determination of the new base foreign exchange rate, which is assumed in the business plan approved by the RO during the latest rate rebasing exercise, unless indication of impairment of deferred FCDA would be evident at an earlier date. Deferred FCDA and deferred credits are calculated as the difference between the drawdown or rebased rate and the closing rate. These are presented as part of "Other noncurrent assets" and "Deferred credits" accounts in the consolidated statements of financial position, respectively.

Customers' Deposits

Customers' deposits are initially measured at fair value. After initial recognition, these deposits are subsequently measured at amortized cost using the effective interest method. Accretion of customers' deposits is included under the "Interest expense and other financing charges" account in the consolidated statements of income. The discount is recognized as deferred credits and amortized over the remaining concession period using the effective interest method. Amortization of deferred credits is included as part of the "Other income" account in the consolidated statements of income.

Revenue from Contracts with Customers

The Group is in the business of providing water services to its customers within its concession area. Revenue from contracts with customers is recognized when services are transferred to the customer at the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Water and Wastewater Services

Revenue from water and wastewater services is recognized upon the supply of water to the customers and when the related services are rendered. Billings to customers consist of the following:

a. Water charges

- Basic charges represent the basic tariff charged to consumers for the provision of water services.
- FCDA, which is the tariff mechanism that allows the Parent Company to recover foreign exchange losses or to compensate foreign exchange gains on a current basis beginning January 1, 2002 until the Expiration Date.
- Maintenance service charge represents a fixed monthly charge per connection. The charge varies depending on the meter size.

b. Wastewater charges

- Environmental charge represents 25% of the water charges, except for maintenance service charge.
- Sewerage charge represents 20% of the water charges, excluding maintenance service charge, for all consumers connected to the Parent Company's sewer lines. Effective January 1, 2012, pursuant to RO Resolution No. 11-007-CA, sewerage charge applies only to commercial and industrial customers connected to sewer lines.

c. Government taxes consist of (i) the 2% national franchise tax, and (ii) the local franchise tax implemented by the respective LGUs where the Business Area offices of the Concessionaires are located (see Note 1).

- National franchise tax is 2% of total water and wastewater charges.
- Local franchise tax is based on the total water and wastewater charges using the applicable local franchise tax rate.

The performance obligations are satisfied over time, and payment is generally due seven days from invoicing.

• *Connection and installation fees*

The connection and installation fees are non-refundable upfront fees which do not provide a separate service. The connection and installation fees, along with the water and wastewater services, are treated as one performance obligation. The Group determines the amortization period for deferred connection and installation revenues and costs based on the expected relationship with its customers. In the absence of other reliable information, the Company determined that the customers are expected to maintain their water and wastewater connection throughout the concession period. Therefore, the Company amortizes its deferred connection and installation revenues and related costs over the remaining concession period.

• *Contract costs*

The Group recognizes costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable and record them in the "Other current assets" and "Other noncurrent assets" accounts in the consolidated statements of financial position.

Costs incurred in fulfilling contracts with customers comprise costs for connection and installation of the customers to the Group's water system. These costs are recognized as an asset to the extent they are considered recoverable to the extent of the actual costs incurred. The

related asset is amortized over the remaining concession period during the satisfaction of performance obligations of the water and wastewater services.

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

- *Identifying performance obligations*

The Group provides water and wastewater services to its customers. Water and wastewater services are composed of water service, wastewater service connection and installation, maintenance, and sanitation services. The Group has determined that the services are to be bundled and considered as one performance obligation since the services are highly interrelated and highly interdependent with one another.

- *Determining the transaction price*

The Group determined that the transaction price is the total consideration in the contract.

- *Determining the timing of satisfaction of connection and installation services*

The Group concluded that the revenue from water and wastewater services is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group. As another entity would not need to re-perform the services that the Group has provided to date, this demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The services are on-going and are completed when the customer is disconnected from the Group's water system.

When the Group provides construction or upgrade services, the consideration received, or receivable, is recognized in accordance with PFRS 15. The Group accounts for revenue and costs relating to operation services based on the input method. Using this method, progress is measured by reference to the actual costs incurred to date (shown as "Revenue from rehabilitation works" and "Cost of rehabilitation works" accounts in the consolidated statements of income).

Revenue Adjustments

Revenue adjustments, either considered as variable consideration or do not meet the criteria for revenue recognition, are being determined and reviewed on a periodic basis. These adjustments pertain to regularly unpaid bills and potential overbillings, the amounts of which are determined based on historical data and experience and the policies and parameters set by the Parent Company.

Contract Balances

Contract asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Cost and Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized in the consolidated statements of income as incurred.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when all the activities necessary to prepare the asset for its intended use or sale are substantially complete. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and fair value of consideration received in excess of par are recognized as additional paid-in capital.

Treasury shares, which represent own equity instruments that are reacquired, are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of income on the purchase, sale, issuance or the cancellation of the Parent Company's own equity instruments.

Retained earnings represent the Group's accumulated earnings less dividends declared and any adjustment arising from application of new accounting standards, policies or correction of errors applied retroactively. They include the accumulated equity in undistributed earnings of consolidated subsidiaries, which are not available for dividends until declared by subsidiaries. Appropriated retained earnings are those that are restricted to fund capital expenditures. Unappropriated retained earnings are those that can be allocated for specific purposes and can be distributed as dividends (Note 13).

Other equity adjustments represent the redemption of preferred shares and the movement related to the Parent Company's share-based payment (refer to Note 13).

Income Taxes

▪ *Current Income Tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

▪ *Deferred Income Tax*

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred tax liabilities are recognized for all taxable temporary differences, except in certain instances as provided by the relevant standards.

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

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

Deferred tax relating to items recognized in other comprehensive income account is included in the consolidated statements of comprehensive income.

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

Provisions

Provisions are recognized when (i) the Group has a present obligation (legal or constructive) as a result of a past event, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and (iii) a reliable estimate can be made of the amount of the obligation. When the Group expects a provision to be reimbursed, such as under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Share-based Payments

Employees of the Parent Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions) under the Employee Stock Option Plan (ESOP).

The cost of equity-settled transactions is determined as the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, together with a corresponding increase in other equity adjustments, over the period in which the performance and/or service conditions are fulfilled, and is shown as part of “Salaries, wages and benefits” account in the consolidated statements of income.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent Company’s best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms not been modified if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Contingencies

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

Earnings per Share (EPS)

Basic EPS is computed based on the weighted average number of outstanding shares and adjusted to give retroactive effect to any stock split during the year. The dilutive effect of outstanding ESOP shares is reflected as additional share dilution in the computation of diluted EPS.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires the Group to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. In preparing the Group’s consolidated financial statements, management has made its best estimates and judgments of certain amounts, giving due consideration to materiality. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management’s evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. The uncertainties inherent in these estimates and assumptions could result in outcomes that could require material adjustments to the carrying amounts of the assets or liabilities affected in future years. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment

In the process of applying the Group’s accounting policies, management has made the judgment as indicated below, apart from those involving estimations and assumptions, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Amortization of Service Concession Assets. The Parent Company accounts for its concession arrangement with MWSS in accordance with IFRIC 12 under the Intangible Asset model as it receives the right (license) to charge users of public service. Phil Hydro accounts for its Bulk Water Supply Agreements in accordance with IFRIC 12 under the Intangible Asset model as it receives the right (license) to charge users of public service.

The Parent Company amortizes its SCA using the UOP method, given that the economic benefit of these assets is more closely aligned with billed volume, which the Parent Company can reliably estimate. Phil Hydro amortizes its SCA using the straight-line method over the terms of each Bulk Water Supply Agreement and Memorandum of Agreement.

Estimates and Assumptions

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

Allowance for ECL. The following information explains the inputs, assumptions and techniques used by the Group in estimating ECL:

- General approach for cash in banks and cash equivalents, non-trade receivables, restricted cash and deposits

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The Group considers the probability of its counterparty to default its obligation and the expected loss at default after considering the effects of collateral, any potential value when realized, forward-looking estimates, and time value of money.

- Simplified approach for trade and other receivables (excluding non-trade receivables) and contract assets, which are presented under “Other current assets”.

The Group uses a simplified approach for calculating ECL on trade and other receivables (excluding non-trade receivables) and contract assets using a provision matrix to calculate ECLs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography and customer type and rating).

The provision matrix is initially based on the Group’s historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) that are expected to deteriorate over the next year can lead to an increased number of defaults in the Group’s operating segments, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

- Incorporation of forward-looking information

The Group considers a range of relevant forward-looking macroeconomic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. A broad range of forward-looking information

is considered as economic inputs such as the consumer price index, gross domestic product, inflation rate, unemployment rates and other economic indicators.

The macroeconomic factors are aligned with information used by the Group for other purposes such as strategic planning and budgeting.

The Group identifies and documents key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

Predicted relationships between the key macroeconomic indicators and default and loss rates on various portfolios of financial assets have been developed by analyzing historical data over the past three to nine years. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

- Grouping of instruments for losses measured on collective basis

For ECL provisions modelled on a collective basis, a grouping of exposures is performed based on shared risk characteristics, such that risk exposures within a segmentation are homogeneous. The Group segmented its trade receivables based on their billing class as shown below:

- a. Domestic
 - i. Residential – pertains to receivables arising from water and wastewater service use for domestic purposes only.
 - ii. Semi-business – pertains to receivables arising from water and wastewater service use for small businesses.
- b. Non-domestic
 - i. Commercial – pertains to receivables arising from water and wastewater service use for commercial purposes.
 - ii. Industrial – pertains to receivables arising from water and wastewater service use for industrial and manufacturing purposes.

The following credit exposures are assessed individually:

- a. All stage 3 assets, which are considered to be specifically impaired, regardless of the class of financial assets; and
- b. Cash in banks and cash equivalents, deposits and restricted cash, non-trade receivables and deposits

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

The assessment of the correlation among historically 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.

As at December 31, 2024, the Parent Company's has written off trade receivables amounting to ₱34.3 million (see Note 5). As at September 30, 2025, the outstanding receivables amounting to ₱11.5 million were written off (see Note 5).

Trade and other receivables, net of allowance for ECL of ₱1,591.8 million and ₱1,519.6 million, amounted to ₱3,213.0 million and ₱2,722.9 million as at September 30, 2025, and December 31, 2024, respectively (see Notes 5 and 24). Provision for ECL amounted to ₱83.8 million and ₱4.8 million for the nine-month periods ended September 30, 2025, and 2024, respectively.

Fair Value of Financial Assets and Financial Liabilities. PFRS Accounting Standards require that certain financial assets and financial liabilities be carried at fair value, which requires the use of accounting estimates and judgments. The determination of the fair value requires management to make estimates and assumptions to determine the extent to which the Group receives a right of license to charge users of the public service. In making those estimates, management is required to determine a suitable discount rate to calculate for the present value of these cash flows. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and financial liabilities would directly affect income and equity.

The fair values of financial assets and financial liabilities are set out in Note 24.

Estimated Billable Water Volume. The Parent Company estimated the billable water volume, where the amortization of service concession assets is derived from, based on the period over which the Parent Company's concession agreement with MWSS is in force. The Parent Company reviews annually the billable water volume based on factors that include market conditions such as population growth and consumption, and the status of the Parent Company's projects and their impact on non-revenue water. It is possible that future results of operations could be materially affected by changes in the Parent Company's estimates brought about by changes in the aforementioned factors. A reduction in the projected billable water volume would increase amortization and decrease noncurrent assets.

In 2021, the Parent Company commissioned the Diliman Integrative Technical Consultancy, Inc. (DITCI) to conduct a water demand study within its concession area. The result of this study was used to determine short-term and long-term water demand requirements. As such, DITCI prepared annual medium term (2022-2026) and long-term (through 2050) demand forecasts. The results of this study were used to forecast the latest billed volume that was included in the recently approved business plan and the same was also used for the new amortization of the Parent Company.

Service concession assets, net of accumulated amortization of ₱47,879.4 million and ₱45,568.3 million, amounted to ₱189,300.7 million and ₱168,339.4 million as at September 30, 2025 and December 31, 2024, respectively (see Note 7). Amortization of SCA amounted to ₱2,311.1 million and ₱2,204.7 million for the periods ended September 30, 2025 and 2024, respectively (see Note 7).

Estimated Useful Lives of SCA. Starting January 1, 2022, the Parent Company's SCA are amortized using the UOP until 2047, following the term of the Parent Company's Legislative Franchise and the approval of the Business Plan covering until 2047, which Business Plan was used in the recently concluded Sixth Rate Rebasing in 2022. Previously, the Parent Company's SCA are amortized using the UOP over the estimated volume until 2037, which is the end of the Revised Concession Agreement with MWSS.

Estimated Useful Lives of Property and Equipment. The useful life of each item of the Group's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in

the estimated useful life of any item of property and equipment would increase the recorded depreciation expense and decrease property and equipment.

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

Property and equipment, net of accumulated depreciation and amortization of ₱5,304.1 million and ₱5,088.7 million, amounted to ₱2,327.0 million and ₱1,963.2 million as at September 30, 2025 and December 31, 2024, respectively. Depreciation and amortization of property and equipment amounted to ₱431.4 million and ₱394.3 million for the periods ended September 30, 2025 and 2024, respectively (see Note 8).

Recognition of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized.

The Parent Company used Optional Standard Deduction (OSD) in computing its taxable income in 2025 and 2024, respectively. Phil Hydro used itemized deduction in computing its taxable income in 2025 and 2024 (see Note 16). The method of deduction to be availed by the Parent Company is assessed every taxable year. Accordingly, deferred tax assets and liabilities are measured based on either OSD or itemized deduction method, depending on the forecasted gross and taxable income, and which method of deduction is more beneficial to the Parent Company.

The Group recognized deferred tax assets amounting to ₱543.8 million and ₱484.5 million as at September 30, 2025 and December 31, 2024, respectively (see Note 16).

The Group did not recognize deferred tax assets on deductible temporary differences where doubt exists as to the tax benefits these deferred tax assets will bring in the future.

Deferred FCDA and Deferred Credits. Under Amendment No. 1 of the Concession Agreement, the Parent Company is entitled to recover (refund) foreign exchange losses (gains) arising from MWSS loans and any concessionaire loans. For the unrealized foreign exchange losses, the Parent Company recognized deferred FCDA as an asset, since this is a resource controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company. Unrealized foreign exchange gains, however, are presented as deferred credits and will be refunded to the customers.

Based on the 2022 Approved Business Plan, the Parent Company used a new base foreign exchange rate from ₱53.16 to ₱53.51 for United States Dollar, applicable to concession fee payments starting January 1, 2023 (see Note 7).

Asset Impairment. The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important, which could trigger an impairment review, include but are not limited to the following:

- Significant under performance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use (VIU) approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs. Determining the recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts, and any resulting impairment loss could have a material adverse impact on the results of operations.

Noncurrent nonfinancial assets, which are carried at cost and subjected to impairment test when certain impairment indicators are present, are as follows:

	September 30, 2025	December 31, 2024
Service concession assets (see Note 7)	P189,300,653	P168,339,382
Property and equipment (see Note 8)	2,326,962	1,963,230
	P191,627,615	P170,302,612

As at December 31, 2024 and for the nine-month period ended September 30, 2025, there have been no substantive impairment indicators that necessitated further impairment assessment on these assets.

Retirement Cost and Other Post-employment Benefits. The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rate, turnover rate, mortality rate, and salary increase rate. 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 assumptions are reviewed at each reporting date.

4. Cash and Cash Equivalents

The cash and cash equivalents account consists of:

	September 30, 2025	December 31, 2024
Cash on hand and in banks	P2,895,343	P3,044,842
Cash equivalents	3,529,699	7,474,699
	P6,425,042	P10,519,541

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and cash equivalents, net of applicable final tax, amounted to P128.4 million and P266.2 million for the periods ended September 30, 2025 and 2024, respectively.

5. Trade and Other Receivables

This account consists of receivables from:

	September 30, 2025	December 31, 2024
Customers (Note 14):		
Residential	₱2,598,175	₱2,322,515
Semi-business	296,143	257,305
Commercial	709,688	685,346
Industrial	200,967	175,285
Bulk water supply (Note 14)	284,735	207,676
	4,089,708	3,648,127
Employees	35,198	46,328
Others	679,959	547,980
	4,804,865	4,242,435
Less allowance for ECL	1,591,835	1,519,563
	₱3,213,030	₱2,722,872

The classes of the Company's receivables from customers are as follows:

- Residential – pertains to receivables arising from water and wastewater service use for domestic purposes only.
- Semi-business – pertains to receivables arising from water and wastewater service use for small businesses.
- Commercial – pertains to receivables arising from water and wastewater service use for commercial purposes.
- Industrial – pertains to receivables arising from water and wastewater service use for industrial and manufacturing purposes.
- Bulk water supply – pertains to receivables arising from water service to water districts outside the West Service Area.

Receivables from customers and bulk water supply are non-interest bearing and generally have a 60-day term.

Other receivables consist mainly of receivables from collecting agents normally received within 30 days and advances for construction and installation of water reticulation systems for subdivisions in the West Service Area payable on installment basis over a period of three to five years. The portion of advances for water reticulation systems expected to be collected beyond one year amounted to ₱6.3 million as at September 30, 2025, and December 31, 2024, and is presented as part of "Others" in the "Other noncurrent assets" account in the consolidated statements of financial position.

The movements in the Company's allowance for ECL, which were determined individually and collectively, are as follows:

September 30, 2025						
	Receivables from Customers				Other	Total
	Residential	Semi-Business	Commercial	Industrial	Receivables	
At January 1	P869,424	P142,494	P366,946	P85,278	P55,421	P1,519,563
Provisions	57,809	6,382	15,237	4,330	—	83,759
Write-off	(8,682)	(575)	(403)	(209)	(1,617)	(11,486)
Reversal	—	—	—	—	—	—
At September 30	P918,551	P148,301	P381,780	P89,399	P53,804	P1,591,835

December 31, 2024						
	Receivables from Customers				Other	Total
	Residential	Semi-Business	Commercial	Industrial	Receivables	
At January 1	P853,608	P138,185	P356,830	P83,992	P8,873	P1,441,488
Provisions	45,141	4,978	12,585	3,090	46,574	112,368
Write-off	(29,325)	(669)	(2,469)	(1,804)	—	(34,267)
Reversal	—	—	—	—	(26)	(26)
At December 31	P869,424	P142,494	P366,946	P85,278	P55,421	P1,519,563

The management recognized provisions for ECL amounting to P83.8 million and P4.8 million for the periods ended September 30, 2025 and 2024, respectively.

6. Other Current Assets and Other Noncurrent Assets

Other Current Assets

This account consists of:

	September 30, 2025	December 31, 2024
Prepayments (Note 22)	P723,365	P400,948
Input VAT	502,074	562,238
Advances to supplier/contractors	727,303	544,892
Deposits	265,311	231,696
Others (Note 14)	499,497	390,921
	P2,717,550	P2,130,695

Prepayments mainly pertain to insurance, performance bond and local taxes (see Note 21).

Input VAT is an indirect tax on the purchased goods and services, which the Company uses in its operations. Before March 21, 2022, the Company recovers its input VAT by offsetting it against the output VAT. Upon acceptance of the legislative franchise on March 21, 2022, the Company shifted from 12% VAT to OPT. The remaining input VAT refers to the unutilized input VAT from the purchase of capital goods to be amortized over the assets' remaining useful life and the input VAT associated with the retention payable from contractors' billings, which will be either capitalized or expensed upon actual release of the retention money, subsequent to the final acceptance or turnover of the completed project.

Advances to suppliers pertain to purchase of raw water, while advances to contractors are normally applied within a year against billings.

Deposits mainly consist of bill deposits to Meralco.

As at September 30, 2025 and December 31, 2024, "Others" consists mainly of materials and supplies amounting to P361.1 million and P317.6 million, respectively; creditable withholding tax amounting

to ₱87.5 million and ₱40.9 million, respectively; deferred contract cost amounting to ₱20.8 million and nil, respectively; and cost of new water service connections amounting to ₱10.6 million and ₱25.7 million, respectively, which were capitalized, since these costs are recoverable and directly associated with the contract with customers (see Note 14).

Other Noncurrent Assets

This account consists of:

	September 30, 2025	December 31, 2024
Mobilization fund	₱9,945,392	₱9,796,828
Cost of new water service connection (Note 14)	609,142	536,986
Deposits	565,521	565,246
Others (see Note 14)	77,406	84,512
	₱11,197,461	₱10,983,572

Mobilization fund pertains to advance payments to contractors for services purchased but not yet received and is normally applied within a year against progress billings.

Cost of new water connections pertains to costs attributable to installation of water connections to customers. These costs are recoverable and directly associated with the contract with customers under PFRS 15.

Deposits consist mainly of payments to LGUs as restoration deposits, which are refunded upon completion of the project. As at September 30, 2025 and December 31, 2024, deposits for restoration works amounted to ₱565.5 million and ₱487.0 million, respectively.

As at September 30, 2025 and December 31, 2024, “Others” pertains to Parent Company’s deferred employee benefits amounting to ₱77.4 million and ₱81.9 million, net of accumulated amortization of ₱59.6 million and ₱53.6 million, respectively.

7. Service Concession Assets

The movements in this account are as follows:

	September 30, 2025	December 31, 2024
Cost:		
Balance at beginning of year	₱213,907,718	₱183,462,264
Additions	23,272,376	30,448,478
Reclassification	-	(3,024)
Balance at end of period	237,180,094	213,907,718
Accumulated amortization:		
Balance at beginning of period	45,568,336	42,542,787
Amortization	2,311,105	3,028,573
Reclassification	-	(3,024)
Balance at end of period	47,879,441	45,568,336
	₱189,300,653	₱168,339,382

Service concession assets consist of the present value of total estimated concession fee payments pursuant to the Concession Agreement (see Note 1), and the costs of rehabilitation works incurred.

Service concession assets also include Tranche B Concession Fees, which pertain to additional concession fees charged by MWSS to the Parent Company representing the cost of borrowings by MWSS as at December 2004. In 2005, pursuant to the Debt and Capital Restructuring Agreement (DCRA), the Parent Company had recognized and fully paid Tranche B Concession Fees amounting to US\$36.9 million and the related accrued interest thereon (see Note 10).

Pursuant to the recommendation of the Receiver under the DCRA, the disputed amount being claimed by MWSS of additional Tranche B Concession Fees of US\$18.1 million is considered as contingent liability of the Parent Company (see Notes 3, 10 and 19).

The Parent Company recognized additional concession fees amounting to ₱159.6 million and ₱317.0 million as at September 30, 2025 and December 31, 2024, respectively, mainly pertaining to various rehabilitation projects and UATP-related local component costs, which were capitalized as service concession assets (see Note 10).

For the nine-month periods ended September 30, 2025 and 2024, specific borrowing costs capitalized as part of service concession assets of the Parent Company amounted to ₱3,068.3 million and ₱2,060.1 million, respectively, while general borrowing cost capitalized as part of service concession assets amounted to ₱28.0 million and ₱31.6 million, respectively (see Note 11).

The rate used to determine the amount of general borrowing costs eligible for capitalization were 5.6% and 4.2% in the periods ending September 30, 2025 and 2024, respectively.

Based on the 2022 Approved Business Plan, the Parent Company used a new base foreign exchange rate from ₱53.16 to ₱53.51 for U.S. Dollar, applicable to concession fee payments starting January 1, 2023. The effect of change in rebased rate amounting to ₱841.7 million was accounted for as an adjustment of the “Service concession assets” and “Deferred credits” accounts to adjust their carrying values based on the newly determined and approved rebased rate in 2023. These foreign exchange differences, which may no longer be recovered through the FCDA mechanism under the Concession Agreement, pertain to actual concession fee payments by Maynilad to MWSS, hence, formed part of the service concession assets. No similar adjustment was made as at September 30, 2025.

For the nine-month periods ended September 30, 2025 and 2024, in addition to the payments of service concession obligation payable to MWSS reported in the consolidated statements of cash flows at rebased rates amounting to ₱922.7 million and ₱943.1 million, respectively, and the Regulatory Costs reported in the consolidated statements of income amounting to ₱266.6 million and ₱210.7 million, respectively, the Parent Company paid actual concession fees of ₱202.8 million and ₱170.2 million, respectively.

Phil Hydro accounts for each of its BWSAs (except the BWSA with New Era University) and MOA with the Municipal Government of Rizal, Nueva Ecija, in accordance with IFRIC 12, *Service Concession Arrangements*, under the Intangible Asset model, as it receives the right (license) to charge users of public service. In 2019, the Company recognized an impairment loss on service concession assets of Phil Hydro amounting to ₱93.2 million as part of the accumulated amortization. Service concession assets that are not yet available for use are subjected to impairment testing under PAS 36.

Service concession assets under construction and rehabilitation of the Group amounting to ₱94.4 billion and ₱77.5 billion as at September 30, 2025 and December 31, 2024, respectively, are considered as contract assets under PFRS 15.

8. Property and Equipment

The roll forward analysis of this account follows:

September 30, 2025							
	Land and Land Improvements	Instrumentation, Tools and Other Equipment	Office Furniture, Fixtures and Equipment	Transportation Equipment	ROU Assets - Land and Building	ROU Assets - Transportation Equipment	Total
Cost							
At January 1	P44,617	P2,072,654	P2,680,166	P1,042,683	P508,888	P702,933	P7,051,941
Additions	579	(156,964)	449,364	18,876	485	519,233	831,577
Reclassification	—	6,303	(8,789)	23	—	(34,757)	(37,220)
Disposals	—	(172,105)	(15,927)	(6,834)	—	(20,363)	(215,229)
At September 30	45,196	1,749,888	3,104,814	1,054,748	509,373	1,167,046	7,631,068
Accumulated Depreciation and Amortization							
At January 1	4,093	1,287,009	2,023,186	887,065	424,655	462,703	5,088,711
Depreciation and amortization	220	65,450	174,307	55,884	81,046	55,034	431,941
Reclassification	88	348	(932)	—	—	—	—
Disposals	—	(172,105)	(15,927)	(6,834)	(89)	(21,096)	(216,547)
At September 30	4,401	1,180,702	2,180,634	936,115	505,612	496,641	5,304,106
Net Book Value at September 30	P40,795	P569,189	P924,180	P118,633	P3,761	P670,405	P2,326,962
December 31, 2024							
	Land and Land Improvements	Instrumentation, Tools and Other Equipment	Office Furniture, Fixtures and Equipment	Transportation Equipment	ROU Assets - Land and Building	ROU Assets - Transportation Equipment	Total
Cost							
At January 1	P44,617	P2,185,428	P2,269,010	P1,001,167	P513,482	P619,070	P6,632,774
Additions	—	191,635	278,523	52,752	—	83,863	606,773
Reclassification	—	(222,041)	221,741	300	—	—	—
Disposals	—	(82,368)	(89,108)	(11,536)	(4,594)	—	(187,606)
At December 31	44,617	2,072,654	2,680,166	1,042,683	508,888	702,933	7,051,941
Accumulated Depreciation and Amortization							
At January 1	3,841	1,290,141	1,942,219	769,742	350,615	386,462	4,743,020
Depreciation and amortization	252	75,091	172,748	128,681	74,311	76,241	527,324
Reclassification	—	2,495	(2,673)	178	—	—	—
Disposals	—	(80,718)	(89,108)	(11,536)	(271)	—	(181,633)
At December 31	4,093	1,287,009	2,023,186	887,065	424,655	462,703	5,088,711
Net Book Value at December 31	P40,524	P785,645	P656,980	P155,618	P84,233	P240,230	P1,963,230

The Parent Company sold items of property and equipment for a total consideration of ₱0.04 million and ₱0.07 million as at September 30, 2025 and December 31, 2024, respectively.

Gain on disposals of property and equipment amounting to ₱0.04 million and ₱0.05 million for the nine-month periods ended September 30, 2025 and 2024, respectively, are presented as part of the “Others - net” account under “Other income (expenses)” in the consolidated statements of income.

In computing the gain on disposals of property and equipment, the net book value of disposed right-of-use assets covered by PFRS 16 is excluded due to the transactional nature of these asset disposals. No form of proceeds or cash inflows were received from the disposal of the ROU assets.

9. Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

The financial assets at FVOCI amounting to ₱124.9 million as at September 30, 2025 and December 31, 2024 pertain to the Parent Company’s investments in unquoted equity shares in a local water distribution company. Dividend income on financial assets at FVOCI presented as part of the “Others – net” account under “Other income (expenses)” in the consolidated statements of income amounted to ₱5.0 million and ₱28.0 million for the nine-month periods ended September 30, 2025 and 2024, respectively.

10. Service Concession Obligation Payable to MWSS

This account consists of:

	September 30, 2025	December 31, 2024
Concession fees payable (Note 7)	₱6,408,594	₱6,714,564
Accrued interest	607,217	607,217
Total Concession Fee Payable	7,015,811	7,321,781
Less current portion	1,057,847	1,027,255
Noncurrent portion	₱5,957,964	₱6,294,526

Interest accretion on service concession obligation amounted to ₱427.3 million and ₱469.3 million for the periods ended September 30, 2025 and 2024, respectively (see Note 17).

Disputes with MWSS

The Parent Company has been contesting certain charges billed by MWSS relating to: (a) the basis of the computation of interest; (b) MWSS cost of borrowings; and (c) additional penalties.

Consequently, the Parent Company has not provided for these additional charges. These disputed charges were effectively reflected and recognized by the Parent Company as Tranche B Concession Fees amounting to US\$30.1 million by virtue of the DCRA entered in 2005. The Parent Company also paid US\$6.8 million in 2005 as an additional amount of Tranche B Concession Fees determined by the Receiver (see Note 7).

The Parent Company reconciled its liability to MWSS with the confirmation and billings from MWSS. The difference between the amount confirmed by MWSS and the amount recognized by the Parent Company amounted to ₱5.0 billion as at September 30, 2025, and December 31, 2024. The difference mainly pertains to disputed claims of MWSS consisting of additional Tranche B Concession Fees, borrowing cost and interest penalty under the Concession Agreement (prior to the DCRA). The Parent Company’s position on these charges is consistent with the Receiver’s recommendation, which was upheld by the Rehabilitation Court (see Notes 3, 7 and 19).

Following the issuance of the Rehabilitation Court’s Order on December 19, 2007 disallowing the MWSS’ disputed claims and the termination of the Parent Company’s rehabilitation proceedings, the

Parent Company and MWSS sought to resolve the matter in accordance with the dispute resolution requirements of the transitional and clarificatory agreement (TCA).

Prior to the DCRA, the Parent Company had accrued interest on its payable to MWSS based on the terms of the Concession Agreement, which was disputed by the Parent Company before the Rehabilitation Court. This already amounted to ₱985.3 million as at December 31, 2011 and had been charged to interest expense in prior years. The Parent Company maintained that the accrued interest on its payable to MWSS had been adequately replaced by the Tranche B Concession Fees discussed above. The Parent Company's position was consistent with the Receiver's recommendation, which was upheld by the Rehabilitation Court (see Notes 7 and 19). With the prescription of the TCA and in light of the Parent Company's current negotiation and outstanding offer of US\$14.0 million to fully settle the claim of MWSS, the Parent Company reversed the amount of accrued interest in excess of the US\$14.0 million settlement offer amounting to ₱378.1 million in 2012. The remaining balance of ₱607.2 million as at September 30, 2025 and December 31, 2024, which pertains to the disputed interest penalty under the Concession Agreement prior to DCRA, has remained in the books pending resolution of the remaining disputed claims of MWSS.

The schedule of undiscounted estimated future concession fee payments, based on the term of the Concession Agreement, is as follows:

Year	In Original Currency		Total Peso Equivalent
	Foreign Currency Loans (Translated to US\$)*	Peso Loans/ Project Local Support	
		(In Millions)	
2025	\$2.0	₱83.7	₱197.2
2026	9.4	788.8	1,335.3
2027	10.8	811.2	1,442.3
2028-2037	76.1	9,469.3	13,900.6
	\$98.3	₱11,153	₱16,875.4

*Translated using the September 30, 2025 exchange rate of ₱58.196:US\$1.

Additional concession fee liability relating to the extension of the Concession Agreement (see Note 1) is only determinable upon loan drawdown of MWSS and the actual construction of the related concession projects.

11. Interest-bearing Loans and Bonds

This account consists of:

	September 30, 2025	December 31, 2024
₱18.5 billion Corporate Notes	₱15,725,925	₱17,514,135
₱15.0 billion Blue Bonds	15,000,000	15,000,000
₱10.0 billion Term Loan Facility (MBTC)	9,937,500	10,000,000
₱10.0 billion Term Loan Facility (BPI)	9,875,500	9,937,500
₱6.0 billion Term Loan Facility (BDO)	5,887,500	5,925,000
₱6.0 billion Term Loan Facility (LBP)	5,100,000	5,400,000
₱5.0 billion Term Loan Facility (LBP)	4,968,750	5,000,000
¥13.1 billion Facility Loan (JICA)	4,513,975	4,465,757
₱4.0 billion Term Loan Facility (BPI)	4,000,000	—
₱4.0 billion Term Loan Facility (LBP)	4,000,000	—
₱4.0 billion Term Loan Facility (LBP)	3,925,000	3,950,000
₱4.8 billion Term Loan Facility (DBP)	3,021,000	₱3,339,000
₱5.0 billion Term Loan Facility (BDO)	2,500,000	₱2,777,778
₱2.5 billion Term Loan Facility (BPI)	2,500,000	—

	September 30, 2025	December 31, 2024
₱2.5 billion Term Loan Facility (LBP)	2,500,000	–
¥7.9 billion Facility Loan (JCB)	823,075	966,960
Peso-denominated Bank Loan (LBP)	7,969	15,937
Total Interest-bearing Loans/Bonds	94,285,694	84,292,067
Less unamortized debt issuance costs	676,252	644,531
Total Carrying Value	93,609,442	83,647,536
Less current portion	2,685,177	4,186,065
Noncurrent portion	₱90,924,265	₱79,461,471

₱18.5 billion Corporate Notes (Various Lenders)

On February 22, 2018, the Parent Company entered into several loan agreements for the refinancing of all its existing loans under the ₱21.2 billion Term Loan and ₱5.0 billion Corporate Notes, whereby the Parent Company was granted a Term Loan Facility (“the Notes Facility”) in the aggregate amount of ₱18.5 billion. Under the new terms, the loan shall be drawn in three tenors; 7Y, 10Y and 15Y Fixed Corporate Notes, payable in semi-annual installments within 15 years to commence at the end of the sixth month after the initial issue date and bear interest rate per annum equal to the applicable benchmark rate plus 0.60%, 0.70% and 0.60% per annum for the 7Y, 10Y and 15Y Fixed Corporate Notes, respectively. The Notes Facility is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱199.7 million were recognized in 2018 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Amortization of debt issuance costs attributed to this loan amounting to ₱10.1 million and ₱11.2 million for the nine-month periods ended September 30, 2025 and 2024, respectively, is presented as part of the “Interest expense and other financing charges” account in the consolidated statements of income (see Note 17).

₱15.0 billion Blue Bonds

On July 12, 2024, the Parent Company listed its maiden bond issuance with an aggregate issue size of ₱15 billion (the “Blue Bonds” or the “Offer”) on the Philippine Dealing & Exchange Corp. in support of its capital expenditure on sustainable water and wastewater management. The Blue Bonds were issued in two (2) series – (i) Series A: 6.7092% 5-Year fixed rate bonds due 2029 and (ii) Series B: 7.0931% 10-Year fixed rate bonds due 2034. The proceeds from the Offer shall be used primarily to finance Eligible Blue Projects and/or Blue Activities under SEC Memorandum Circular No. 15, Series of 2023 (“Guidelines on Eligible Blue Projects and Activities for the Issuance of Blue Bonds in the Philippines”). The bonds are secured by a negative pledge.

Debt Issuance Costs. All legal, professional fees and other related debt issue cost incurred in relation to the debt totaling ₱183.6 million were recognized in 2024 and offset against the related debt. Debt issuance costs are amortized using the EIR method over the term of the debt.

Specific borrowing costs capitalized as part of service concession assets related to this debt amounted to ₱800.3 million and ₱234.7 million for the nine-month periods ended September 30, 2025 and 2024, respectively (see Note 7).

₱10.0 billion Term Loan Facility (Metropolitan Bank & Trust Co.)

On March 22, 2024, the Parent Company entered into a Loan Agreement with Metropolitan Bank & Trust Co. The loan shall be payable in semi-annual installments within 10 years to commence on September 26, 2025, and bear a fixed interest rate of 6.5% per annum for the first five years. The

interest rate applicable for the remaining five years tenor will be based on benchmark rate plus spread. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱75.1 million were recognized in 2024 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱497.2 million and ₱343.9 million for the nine-month periods ended September 30, 2025, and 2024, respectively (see Note 7).

₱10.0 billion Term Loan Facility (Bank of the Philippine Islands)

On May 10, 2023, the Parent Company entered into a Loan Agreement with Bank of the Philippine Islands. The first and second drawdowns amounting to ₱5.0 billion each were drawn on May 11, 2023 and October 3, 2023, respectively. The loan shall be payable in semi-annual installments within 10 years to commence on November 11, 2024, and bear fixed interest rates of 6.41% and 7.00% per annum for the first and second drawdowns, respectively, for the first five years. The interest rate applicable for the remaining five years will be based on benchmark rate plus spread. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱75.2 million were recognized in 2023 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱508.1 million and ₱514.9 million for the periods ended September 30, 2025 and 2024, respectively (see Note 7).

₱6.0 billion Term Loan Facility (BDO Unibank Inc.)

On November 15, 2022, the Parent Company entered into a Loan Agreement with BDO Unibank, Inc. to: (i) partially fund capital expenditure requirements; (ii) refinance existing obligations; and (iii) fund other general corporate requirements. The drawdown from this facility was made on November 17, 2022.

The loan shall be payable in semi-annual installments within 10 years to commence at the end of the 18th month reckoned from the drawdown date, which bears a fixed-rate loan structured as 3+3+4. Each tenor will be based on the Bloomberg Valuation (BVAL) Service reference rate, plus 65 basis points credit spread, with interest rate floor as follows: (i) 3Y – 5.75% per annum and (ii) 4Y – 5.90% per annum. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱45.2 million were recognized in 2022 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱326.8 million and ₱331.9 million for the nine-month periods ended September 30, 2025 and 2024, respectively (see Note 7).

₱6.0 billion Term Loan Facility (Land Bank of the Philippines)

On August 10, 2022, the Parent Company entered into a Loan Agreement with Land Bank of the Philippines for the refinancing of its existing loan under the US\$137.5 million MWMP Loan. The drawdown from this facility was made on August 12, 2022.

The loan shall be payable in semi-annual installments within 15 years to commence at the end of the sixth month reckoned from the drawdown date, which bears a fixed-rate loan structured as 3+5+5+2. Each tenor will be based on the BVAL Service reference rate, plus 50 basis points credit spread, with interest rate floor as follows: (i) 3Y – 4.50% per annum, (ii) 5Y – 5.25% per annum and (iii) 2Y – 4.25% per annum. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱60.2 million were capitalized in 2022 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Amortization of debt issuance costs attributed to this loan amounting to ₱3.7 million and ₱3.8 million for the periods ending September 30, 2025, and 2024, respectively, is presented as part of “Interest expense and other financing charges” account in the consolidated statements of income (see Note 17).

₱5.0 billion Term Loan Facility (Land Bank of the Philippines)

On December 11, 2023, the Parent Company entered into a Loan Agreement with Land Bank of the Philippines. Drawdown from this facility was made on December 14, 2023. The loan shall be payable in semi-annual installments within 10 years to commence on June 14, 2025 and bear a fixed interest rate of 6.60% per annum for the first three years. The interest rate on the repricing date will be based on the applicable benchmark rate, plus spread. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱37.6 million were recognized in 2023 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Specific borrowing costs capitalized as part of service concession assets amounted to ₱251.8 million and ₱253.2 million for the periods ended September 30, 2025, and 2024, respectively. (see Note 7).

Total general borrowing costs amounted to ₱28.0 million and ₱31.7 million in the period ending September 30, 2025 and 2024, respectively (see Note 7).

¥13.1 billion Facility Loan (Japan International Cooperation Agency or JICA)

On June 7, 2017, the Parent Company entered into a credit agreement with the JICA whereby the Parent Company was granted a Japanese yen-denominated Facility Loan amounting to ¥13.1 billion. The loan shall be payable in semi-annual installments within 17 years to commence on October 10, 2022. Drawdowns amounting to ¥0.7 billion, ¥0.5 billion, ¥0.8 billion, and ¥0.9 billion were made on April 2, 2019, June 28, 2019, August 30, 2019 and December 6, 2019, respectively. The final drawdown amounting to ¥10.2 billion was made on June 23, 2023. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱54.3 million and ₱7.3 million were capitalized in 2019 and 2018, respectively, and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Amortization of debt issuance costs attributed to this loan amounting to ₱5.4 million and ₱5.8 million for the nine-month periods ended September 30, 2025, and 2024, respectively, is presented as part of the “Interest expense and other financing charges” account in the consolidated statements of income (see Note 17).

₱4.0 billion Term Loan Facility (Land Bank of the Philippines)

On November 7, 2022, the Parent Company entered into a Loan Agreement with Land Bank of the Philippines to partially fund the general corporate requirements of the Company. The drawdown from this facility was made on November 10, 2022.

The loan shall be payable in semi-annual installments within 10 years to commence at the end of the 18th month reckoned from the drawdown date, which bears a fixed-rate loan structured as 3+5+2. Each tenor will be based on the BVAL Service reference rate, plus 50 basis points credit spread, with interest rate floor as follows: (i) 3Y – 4.50% per annum, (ii) 5Y – 5.25% per annum and (iii) 2Y – 4.25% per annum. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱40.2 million were recognized in 2022 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱211.2 million and ₱217.1 million for the nine-month periods ended September 30, 2025, and 2024, respectively (see Note 7).

₱4.8 billion Term Loan (Development Bank of the Philippines)

On February 24, 2014, the Parent Company entered into a Loan Agreement with the Development Bank of the Philippines. The loan proceeds shall be used to finance the first stage of the Parañaque-Las Piñas STP and associated wastewater conveyance system.

The loan shall be payable in semi-annual payments within 20 years to commence at the end of the fifth year, which bears a fixed rate per annum equal to 6.0%. The first, second, third and fourth drawdowns amounting to ₱1.0 billion, ₱2.0 billion, ₱1.0 billion and ₱0.8 billion were made on March 2, 2015, October 4, 2016, August 1, 2017 and March 5, 2018, respectively. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱46.1 million were recognized in 2015 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱142.8 million and ₱164.4 million for the nine-month periods ending September 30, 2025 and 2024, respectively (see Note 7).

Under the terms of the loan agreements, the Parent Company may, at its option and without premium and penalty, redeem the Corporate Notes in whole or in part, subject to the conditions stipulated in the agreements. The embedded early redemption and prepayment options are clearly and closely related to the host debt contract, and thus, do not require to be bifurcated and accounted for separately from the host contract.

₱5.0 billion Term Loan Facility (BDO Unibank Inc.)

On November 26, 2019, the Parent Company entered into a Loan Agreement with BDO Unibank, Inc. The loan shall be payable in semi-annual installments within 10 years to commence on May 29, 2021 and bears a fixed rate per annum of 4.9505% for the first five years. The interest rate for the remaining five years will be based on the applicable benchmark rate, plus 0.60% per annum. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱37.8 million were recognized in 2019 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Amortization of debt issuance costs attributed to this loan amounting to ₱2.7 million and ₱3.2 million for the nine-month periods ended September 30, 2025 and 2024, respectively, is presented as part of the “Interest expense and other financing charges” account in the account in the consolidated statements of income (see Note 17).

¥7.9 billion Facility Loan (Japanese Commercial Bank)

On June 7, 2017, the Parent Company entered into a credit agreement (Facility Agreement) with foreign banks, namely The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank Ltd., and Sumitomo Mitsui Banking Corporation (collectively referred to as “the Lenders”). The first and second drawdowns amounting to ¥4.9 billion and ¥3.0 billion were made on August 20, 2018 and November 28, 2018, respectively. The loan shall be payable in semi-annual installments within 10 years to commence at the end of the 36th month from the date of the Facility Agreement. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the debt totaling ₱70.6 million were recognized in 2018 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Amortization of debt issuance costs attributed to this loan amounting to ₱3.2 million and ₱4.6 million for the nine-month periods ended September 30, 2025 and 2024, respectively, is presented as part of “Interest expense and other financing charges” account in the consolidated statements of income (see Note 17).

₱2.5 billion Term Loan (Bank of the Philippine Islands)

On March 7, 2025, the Parent Company entered into a credit agreement with the Bank of the Philippine Islands whereby the Parent Company was granted a peso-denominated Facility Loan, amounting to ₱2.5 billion. A drawdown of ₱2.5 billion was drawn on March 12, 2025. The loan shall be payable in semi-annual installments within 10 years to commence on September 15, 2025. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱18.7 million were recognized in 2025 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱89.0 million and nil for the nine-month periods ended September 30, 2025, and 2024, respectively (see Note 7).

₱2.5 billion Term Loan (Land Bank of the Philippines)

On March 17, 2025, the Parent Company entered into a credit agreement with the Land Bank of the Philippines whereby the Parent Company was granted a peso-denominated Facility Loan amounting to ₱2.5 billion. A drawdown of ₱2.5 billion was drawn on March 19, 2025. The loan shall be payable in semi-annual installments within 10 years to commence on September 20, 2025. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱18.7 million were recognized in 2025 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱85.1 million and nil for the nine-month periods ended September 30, 2025, and 2024, respectively (see Note 7).

₱4.0 billion Term Loan (Bank of the Philippines Islands)

On July 10, 2025, the Parent Company entered into a credit agreement with the Bank of the Philippine Islands whereby the Parent Company was granted a peso-denominated Facility Loan amounting to ₱4.0 billion. A drawdown of ₱4.0 billion was drawn on July 14, 2025. The loan shall be payable in semi-annual installments within 10 years to commence on January 14, 2027. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱30.0 million were recognized in 2025 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱64.2 million and nil for the nine-month periods ended September 30, 2025, and 2024, respectively (see Note 7).

₱4.0 billion Term Loan (Landbank of the Philippines)

On June 27, 2025, the Parent Company entered into a credit agreement with the Bank of the Philippine Islands whereby the Parent Company was granted a peso-denominated Facility Loan amounting to ₱4.0 billion. A drawdown of ₱4.0 billion was drawn on July 1, 2025. The loan shall be payable in semi-annual installments within 10 years to commence on September 20, 2026. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱30.0 million were recognized in 2025 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱64.2 million and nil for the nine-month periods ended September 30, 2025, and 2024, respectively (see Note 7).

Covenants. The loan agreement contains, among others, covenants regarding the maintenance of certain financial ratios such as debt-to-equity ratio and debt service coverage ratio. As at September 30, 2025 and December 31, 2024, the Parent Company has complied with these covenants.

₱255.0 million Loan of Phil Hydro (Land Bank of the Philippines)

On May 4, 2015, Phil Hydro entered into a Loan Agreement with the Land Bank of the Philippines. The loan shall be payable in quarterly installments within eight years of commencement after the end of the eighth quarter and bears an interest rate per annum equal to the higher of (i) the applicable benchmark rate, plus 1.0% per annum, or (ii) 5.5% per annum. The benchmark rate shall be determined by reference to the Philippine Dealing System Treasury Reference Rates (PDST-R2) rate. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱1.3 million were recognized in 2015 and offset against the related loan. Debt issuance costs are amortized using the EIR method over the term of the loan.

Amortization of debt issuance costs attributed to this loan amounting to nil for the nine-month periods ended September 30, 2025, and 2024, respectively, is presented as part of the “Interest expense and other financing charges” account in the consolidated statements of income (see Note 18).

Covenants. The loan agreement contains, among others, covenants regarding the maintenance of certain financial ratios such as debt-to-equity ratio not exceeding 2.3x and a minimum debt service coverage ratio of 1.2x. As at September 30, 2025 and December 31, 2024, Phil Hydro has complied with these covenants.

Unamortized Debt Issuance Cost

The movements in the balance of unamortized debt issuance costs related to all interest-bearing loans are as follows:

	September 30, 2025	December 31, 2024
Balance at beginning of year:		
Peso Loans	P427,885	P401,083
Japanese Yen-denominated	44,952	58,457
Peso Bonds	171,694	—
	644,531	459,540
Additions during the year:		
Peso Loans	97,668	75,088
Japanese Yen-denominated	—	—
Peso Bonds	—	183,611
	742,199	258,699
Amortization during the year (see Note 17):		
Peso Loans	38,688	48,286
Japanese Yen-denominated	8,594	13,505
Peso Bonds	18,665	11,917
	P65,947	P73,708
Balance at ending of year:		
Peso Loans	P486,864	P427,885
Japanese Yen-denominated	36,358	44,952
Peso Bonds	153,030	171,694
	P676,252	P644,531

**Debt issue cost amortization amounting to P40.8 million and P35.6 million as at September 30, 2025 and December 31, 2024, respectively, were capitalized to service concession assets.*

The repayments of loans based on existing terms are scheduled as follows:

Year	September 30, 2025			Total Peso Equivalent
	Japanese Yen- Denominated*	Peso Loans	Peso Bonds	
		(in millions)		
2025	¥2,269.5	P1,734.3	—	P2,677.2
2026	2,269.5	1,701.7	—	2,725.9
2027	1,216.2	3,379.7	—	4,017.3
2028	1,216.2	1,714.7	—	2,352.3
2029 onwards	6,688.9	52,410.4	15,000.0	82,505.0
	¥13,600.3	P60,940.8	P15,000.0	P94,277.7

**Translated using the September 30, 2025 exchange rate of P0.3907:¥1*

Year	December 31, 2024			Total Peso Equivalent
	Japanese Yen- Denominated*	Peso Loans	Peso Bonds	
		(in millions)		
2024	¥2,269.5	P3,352.7	P—	P4,186.1
2025	2,269.5	1,575.3	—	2,408.6
2026	1,742.8	1,733.0	—	2,372.9
2027	1,216.2	3,379.7	—	3,826.2
2028 onwards	7,297.0	53,818.8	15,000.0	71,498.2
	¥14,795.0	P63,859.5	P15,000.0	P84,292.0

**Translated using the December 31, 2024 exchange rate of P0.3672: ¥1*

12. Trade and Other Payables

This account consists of:

	September 30, 2025	December 31, 2024
Accrued expenses (Notes 17 and 20)	₱11,583,866	₱10,442,948
Accrued construction costs (Note 15)	9,007,656	6,938,546
Trade and other payables	7,456,650	6,550,398
Due to related parties (Note 15)	114,854	94,788
Lease liabilities (Note 22)	97,167	72,401
Contract liabilities (Note 14)	65,614	57,996
	₱28,325,807	₱24,157,077

Accrued expenses mainly consist of provisions, salaries, wages and benefits, contracted services, and interest payable to the banks. Details of provisions required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, are not disclosed as these may prejudice the Company's positions in relation to the cases pending before the courts or quasi-judicial bodies.

Accrued interest expense that forms part of the total accrued expenses is the amount of interest payable to the bank and investors from the Parent Company's interest-bearing loans and issued bonds (see also Notes 11 and 17) amounting to ₱1,075.9 million and ₱1,051.8 million as at September 30, 2025 and December 31, 2024, respectively.

Accrued construction costs represent unbilled construction costs from contractors that are normally settled upon receipt of billings.

Trade and other payables are non-interest bearing and normally settled within one year. These consist of deferred output VAT amounting to ₱139.3 million and ₱171.0 million as at September 30, 2025 and December 31, 2024, respectively. Deferred output VAT pertains to the tax on the Parent Company's uncollected VATable sales due upon the collection of the respective receivables. Sales connected to deferred output VAT took place before the effectivity date of R.A. No. 11976, Ease of Paying Taxes (EOPT) Act. Retention in contract payable amounted to ₱4,964.3 million and ₱4,933.0 million as at September 30, 2025 and December 31, 2024, respectively. These are the amounts of money withheld by the Parent Company.

Trade payables also include liabilities relating to assets held in trust (see Note 22) used in the Parent Company's operations amounting to ₱98.5 million and ₱97.3 million as at September 30, 2025 and December 31, 2024, respectively.

13. Equity

- a. The Parent Company's authorized and issued shares as at September 30, 2025 and December 31, 2024 are presented below:

	September 30, 2025		December 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
<i>Authorized common shares – ₱1 par value</i>	9,093,964,000	₱9,093,964,000	9,093,964,000	₱9,093,964,000
<i>Issued and outstanding – common shares:</i>				
<i>Beginning of year – ₱1 par value</i>	5,683,727,000	5,683,727,000		
<i>Class A – ₱1,000 par value</i>	–	–	4,222,482	₱4,222,482,000
<i>Class B – ₱1,000 par value</i>	–	–	236,000	236,000,000
<i>ESOP shares – ₱1,000 par value</i>	–	–	88,500	88,500,000
Total	5,683,727,000	5,683,727,000	4,546,982	4,546,982,000
Stock split in 2024 (1:1,000)	–	–	1,000	–
Total	5,683,727,000	5,683,727,000	4,546,982,000	4,546,982,000
Issuance of shares	–	–	1,136,745,500	1,136,745,500
Issued shares	5,683,727,000	5,683,727,000	5,683,727,500	5,683,727,500
Less: Treasury shares	71,100,000	960,554,583	71,100,000	960,554,583
End of period	5,612,627,500	₱4,723,172,417	5,612,627,500	₱4,723,172,917
<i>Treasury shares:</i>				
Beginning of year	71,100,000	₱960,554,583	34,607	₱391,918,720
Reacquisition	–	–	36,493	568,635,863
Total	71,100,000	960,554,583	71,100	960,554,583
Stock split in 2024 (1:1,000)	–	–	1,000	–
Total	71,100,000	960,554,583	71,100,000	960,554,583
End of period	71,100,000	₱960,554,583	71,100,000	₱960,554,583

Amendments to the Articles of Incorporation. On December 27, 2024, Parent Company received approval from the SEC through a Certificate of Approval on Increase of Capital Stock from 546,982,000 divided into 4,222,482 Class A common shares with a par value of ₱1,000; 236,000 Class B common shares with a par value of ₱1,000; and 88,500 ESOP shares with a par value of ₱1,000, to 9,093,964,000 divided into 9,093,964,000 shares with a par value of ₱1, approved by a majority of the BOD on November 8, 2024, and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock at a meeting held on December 12, 2024.

Simultaneous with the increase in authorized capital stock, the following amendments were also approved by the affirmative vote of at least a majority of the members of the BOD in their regular meeting held on November 8, 2024 and by the affirmative vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock of the Company in their duly constituted meeting held on December 12, 2024, and the SEC through a Certificate of Approval dated December 27, 2024:

1. Reclassifying the Common Class “A” Shares and Common Class “B” Shares into a single class of “Common Shares”;
2. Reduction in the par value of Common Class “A” and Class “B” Shares from ₱1,000 to ₱1 per share;
3. Reclassifying the 88,500 ESOP Shares to “Common Shares”; and
4. Reduction in the par value of ESOP Shares from ₱1,000 to ₱1 per share.

Of the net increase in the authorized capital stock of ₱4,546,982,000, consisting of 4,546,982,000 common shares with a par value of ₱1, the amount of ₱1,136,745,500 was subscribed and fully paid in cash by the following subscribers:

Subscriber	Nationality	No. of Shares	Amount Subscribed	Amount Paid-up
Maynilad Water Holding Company, Inc.	Filipino	1,076,567,289	₱1,076,567,289	₱1,076,567,289
Metro Pacific Investments Corporation	Filipino	60,178,211	60,178,211	60,178,211
		1,136,745,500	₱1,136,745,500	₱1,136,745,500

Alongside the new subscription, costs directly incurred upon issuance of new shares amounting to ₱11.4 million were capitalized and deducted from equity, particularly from APIC.

b. ESOP and Treasury Shares

The employees of the Parent Company are allowed equity participation of up to six percent (6%) of the issued and outstanding capital stock of the Parent Company upon the effective date of the increase in authorized capital stock of the Parent Company, pursuant to and in accordance with the provisions of Clause 2.6 of the DCRA. For this purpose, a series of 88,500,000 nonvoting convertible redeemable shares (ESOP shares) was created from common Class A shares as reflected in the Parent Company's amended Articles of Incorporation. In 2008, the ESOP shares were effectively reduced to 88,500 shares due to a change in par value from ₱1 to ₱1,000. The ESOP shares have no voting rights, except for those provided under Section 6 of the Corporation Code and have no pre-emptive rights to purchase or subscribe to future or additional issuances or disposition of shares of the Parent Company.

Within thirty (30) days after the earlier of (i) the end of the fifth year from the creation of the ESOP Shares, and (ii) the listing date for common shares in a recognized Philippine Stock Exchange, the Parent Company may redeem the ESOP shares at a redemption ratio equal to one common share for every ESOP share held and such common shares so exchanged shall have the same rights and privileges as all other common shares.

Each ESOP share will be convertible, at the option of the holder thereof, at any time during the period commencing the earlier of (i) the end of the fifth year from the creation of the ESOP shares; or (ii) the listing date for common shares in a recognized Philippine Stock Exchange into one fully paid and non-assessable common share. Such common share shall have the same rights and privileges as all other common shares. Conversion of the ESOP share may be effected by surrendering the certificates representing such shares to be converted to the Parent Company common shares at the Parent Company's principal office or at such other office or offices as the BOD may designate, and a duly signed and completed notice of conversion in such form as may from time to time be specified by the Parent Company (a "Conversion Notice"), together with such evidence as the Parent Company may reasonably require, to prove the title of the person exercising such right. A Conversion Notice, once given, may not be withdrawn without the consent in writing of the Parent Company.

In 2012, the Board and shareholders of the Parent Company approved the amendment of its Articles of Incorporation to allow for the reissuance of ESOP shares that have been bought back by the Parent Company from separated employees. Upon approval by the SEC of the amendment on January 31, 2013, ESOP shares reacquired by the Parent Company from its resigned employees were subsequently reissued to all qualified employees.

In October 2024, the Parent Company conducted a series of roadshows and consultations for ESOP shares – buyback and conversion to common shares in relation to Parent Company's conversion of all types of shares into common shares. Employees were given until November 14, 2024 to submit their respective duly signed notice of acceptance of terms and conditions about

selling/keeping of ESOP shares. Actual payment for ESOP shares reacquired by Parent Company was made on December 13, 2024.

ESOP shares reacquired by the Parent Company from employees, equivalent to 71,100 shares, amounting to ₱960.6 million as at September 30, 2025 and December 31, 2024, were presented as treasury shares.

c. Dividends

On February 27, 2024, during the regular meeting, the Parent Company's BOD set and approved the declaration of cash dividends amounting to ₱4.5 billion (₱998.57 per common share) to all shareholders of record as at February 29, 2024. Payments were made on April 15, 2024.

On February 18, 2025, during the regular meeting of the BOD, the Corporation set and approved the declaration of cash dividends amounting to ₱6.4 billion (₱1.14 per common share) to all shareholders of record as at February 29, 2025 for payments made not later than March 15, 2025.

d. Appropriation of Retained Earnings

On February 26, 2018 and October 29, 2018, the Parent Company's BOD approved the appropriation of its retained earnings amounting to ₱15.0 billion and ₱5.0 billion for various water and wastewater projects. The appropriation is intended to fund the Parent Company's capital expenditures for (1) water sources and treatment; (2) operations support programs to sustain, enhance and expand the water facilities and operations in the following areas: (i) service level at 24 hours water availability at a minimum of 16 psi water pressure, (ii) water coverage, (iii) reliability, flexibility and adaptation to climate change, and (iv) right-of-way and lot acquisition for water facilities; (3) pipelaying of secondary and tertiary pipelines; (4) sanitation programs; and (5) customer service and information capex. As at September 30, 2025, these projects are still ongoing.

On November 26, 2019, the Parent Company's BOD approved the appropriation of its retained earnings amounting to ₱7.0 billion to fund the Parent Company's capital expenditures for the following projects: (1) upgrading of Dagat-Dagatan Sewage Treatment Plant to 205 MLD South Caloocan-Malabon-Navotas (CAMANA) Water Reclamation Facility, and (2) the design and build of the 140 MLD Water Reclamation Facility for the Central Manila Sewerage System. These projects are expected to be implemented in the next five years. As at September 30, 2025, these projects are still ongoing.

On December 7, 2020, the Parent Company's BOD approved the appropriation of its retained earnings amounting to ₱1.75 billion to fund capital expenditures for pipelaying projects expected to be implemented in the next two years. As at September 30, 2025, these projects are still ongoing.

At the meeting of the BOD of the Corporation held on December 10, 2024, the following were passed and approved:

- Reversal of ₱2.5 billion appropriated retained earnings (to be reverted to unappropriated retained earnings) due to updates in awarded contract values and removal of completed projects mentioned in the previous appropriations; and
- Appropriation of retained earnings in the amount of ₱14.3 billion to fund new and ongoing capital expenditure requirements, which are primarily related to wastewater projects expected to be completed in the next two (2) years.

As at December 31, 2024, out of all projects appropriated prior to December 10, 2024, only nine (9) projects remain and are still ongoing – six (6) projects from 2018, two (2) projects from 2019 and one (1) project from 2020.

The accumulated earnings, which are included in the Group's retained earnings amounting to ₱40.5 million as at September 30, 2025 and December 31, 2024, are not available for dividend declaration. Retained earnings are further restricted for payment of dividends to the extent of cost of treasury shares and deferred tax assets amounting to ₱960.6 million and ₱535.5 million, respectively, as at September 30, 2025.

e. Equity Adjustments

Redemption of Preferred Shares

The Parent Company issued and redeemed preferred shares in 2008. Foreign exchange fluctuation from date of issuance of the preferred shares to the date of issuance of notice of redemption amounting to ₱309.2 million is recognized as part of the "Other equity adjustments" account shown under the equity section of the consolidated statements of financial position.

Maynilad Share-based Payment

On December 1, 2023, the BOD approved the awarding of 6,514 ESOP shares to all qualified Maynilad employees to be paid through stock purchase bonus (equity-settled transaction). The ESOP covers employees who have met the following eligibility criteria:

- a. The employee has completed a full year's service, either as a regular or probationary employee, from December 1, 2022 to November 30, 2023 (the "Period");
- b. The employee has obtained at least a satisfactory rating in the previous performance appraisal immediately preceding December 1, 2023;
- c. The employee has not been suspended at any time during the Period;
- d. The employee has not exceeded 10 days of absences without official leave during the Period; and
- e. The employee has not exceeded 20 days of leave without pay during the Period.

Communication to eligible employees was made on December 18, 2023.

The fair value of ESOP shares amounting to ₱14,001.7 per share was determined based on the Parent Company's equity value at the date of grant using the discounted cash flows (DCF) method.

The grant of shares under the ESOP does not require an exercise to be paid by the employees nor are there cash alternatives. All ESOP shares will be held in the treasury until issuance.

No ESOP-related expense was recognized in 2025 and 2024.

In November 2024, all ESOP shareholders had given their decision to either sell or keep their shares. The company, then, reacquired and paid all employees who chose to sell, while those who chose to keep had their shares converted into common shares.

There were no more ESOP shares outstanding as at September 30, 2025.

14. Revenue from Contracts with Customers

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	September 30, 2025	September 30, 2024
Geographical areas:		
West zone	P27,370,363	P27,067,974
Outside west zone	282,942	255,291
	P27,653,305	P27,323,265

Contract balances:

	September 30, 2025	December 31, 2024
Trade receivables		
(gross of allowance for ECL) (Note 5)	P4,089,709	P3,648,127
Contract assets	1,664,250	1,337,073
Cost of new water service connections	639,318	527,314
	P6,393,277	P5,512,514
Contract liabilities (Note 7)	P1,388,826	P1,185,989
Less: Current portion	65,614	52,971
	P1,323,212	P1,133,018

Trade receivables are non-interest bearing and are generally on terms of 60 days.

Contract assets are initially recognized after rendering water and wastewater services to a customer before the customer pays consideration or before payment is due. Upon completion of the performance obligation the amounts recognized as contract assets are reclassified to trade receivables. Contract assets of the Parent Company as at September 30, 2025 and December 31, 2024 consist of the following:

	September 30, 2025	December 31, 2024
Customers:		
Residential	P832,235	P656,041
Semi-business	114,994	100,173
Commercial	537,400	471,488
Industrial	179,621	158,756
	P1,664,250	P1,386,458

Contract liabilities are initially recognized from the collection of the connection and installation fees and are recognized over the remaining concession period as the Parent Company provides water and wastewater services to customers. The Parent Company recognized contract liabilities under the "Trade and other payables" account amounting to P65.6 million and P58.0 million for the current portion and P1,323.2 million and P1,212.2 million for the noncurrent portion under the "Other noncurrent liabilities" account in the consolidated statements of financial position as at September 30, 2025 and December 31, 2024, respectively.

Cost of new water service connections recognized amounted to P30.2 million and P25.7 million under the "Other current assets" and P609.1 million and P537.0 million under the "Other noncurrent assets" account in the consolidated statements of financial position as at September 30, 2025 and December

31, 2024, respectively, since these costs are recoverable and directly associated with the contract with customers (Note 6).

15. Related Party Transactions

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

Category	Year*	Amount/ Volume of Transactions	Outstanding Receivable (Payable)	Terms	Conditions
<i>Subsidiary of a significant influence investor</i>					
DM Consunji, Inc.					
Revenue from trade and non-trade services	2025	₱55.9 million	₱5.5 million	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2024	₱76.0 million	₱2.8 million		
Construction costs (see Note 12)	2025	2,034.7 million	(377.9 million)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2024	4,039.7 million	(124.0 million)		
Rental	2025	—	(1.9million)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2024	—	(1.9 million)		
Training Fees	2025	0.7 million	—	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2024	0.4 million	—		
Advertising and promotions	2025	23.4 million	—	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2024	—	—		
<i>Significant influence investees of FPC</i>					
Manila Electric Company					
Revenue from trade and non-trade services	2025	7.3 million	0.3 million	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2024	10.0 million	0.3 million		
Electricity costs	2025	899.0 million	255.9 million	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2024	1,216.2 million	226.6 million		
Meralco Industrial Engineering Services Corporation					
Construction costs (Note 12)	2025	—	0.9 million	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2024	—	0.9 million		
Miescor Logistics, Inc.					
Repairs and maintenance	2025	1.7 million	(0.4 million)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2024	—	(1.8 million)		
Meralco Energy, Inc.					
Construction costs (Note 12)	2025	115.6 million	49.3 million	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2024	—	—		
MIESCOR Builders Incorporated					
Construction costs (Note 12)	2025	—	0.4 million	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2024	—	—		
Indra Philippines, Inc.					
Revenue from trade and non-trade services	2025	—	40.0 thousand	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2024	—	40.0 thousand		
Commercial outsourcing of information technology and system services	2025	122.3 million	—	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2024	346.4 million	—		

Category	Year*	Amount/ Volume of Transactions	Outstanding Receivable (Payable)	Terms	Conditions
PLDT, Inc.					
Revenue from trade and non-trade services	2025 2024	9.4 million 10.6 million	77.8 thousand 67.7 thousand	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
Communication expense	2025 2024	5.8 million 16.3 million	(69.1 thousand) (0.2 million)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Metro Pacific Water Solutions Inc.					
Revenue from trade and non-trade services	2025 2024	13.0 thousand 14.8 thousand	0.3 million 0.3 million	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
Construction costs (Note 12)	2025 2024	137.9 million 131.9 million	(31.9 million) 5.8 million	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Others					
Revenue from trade and non-trade services	2025 2024	34.0 million 42.1 million	28.7 million 29.5 million	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
Management fees	2025 2024	0.1 million 0.3 million	6.4 million 6.3 million	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
Communication expenses	2025 2024	39.2 million 45.8 million	(4.4 million) (6.5 million)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Insurance	2025 2024	5.9 million 24.5 thousand	(14.2 thousand) (14.2 thousand)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Sponsorship fees	2025 2024	— —	(43.0 thousand) (43.0 thousand)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Donations	2025 2024	32.1 million 60.8 million	— —	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Dividends	2025 2024	337.7 million 295.9 million	— —	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Advertising and promotions	2025 2024	47.7 thousand 9.5 million	(4.3 thousand) (4.3 thousand)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Professional fees	2025 2024	86.5 thousand 0.8 million	(0.1 million) (0.1 million)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Supplies and materials	2025 2024	— 24.8 thousand	— —	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Outsourced services	2025 2024	73.6 million 94.6 million	(4.6 million) (3.8 million)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Transportation equipment	2025 2024	7.5 million 31.5 million	(7.1 thousand) (7.1 thousand)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Training fees	2025 2024	1.4 million 4.2 million	— —	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Repairs and maintenance	2025 2024	— —	(14.2 thousand) (14.2 thousand)	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
Meetings and conferences	2025 2024	— 99.3 thousand	— —	Noninterest-bearing, settlement in cash and payable on demand	Unsecured

Category	Year*	Amount/ Volume of Transactions	Outstanding Receivable (Payable)	Terms	Conditions
Total					
Due to related parties (Note 12)	2025	₱3,838.6 million	(₱114.9 million)		
	2024	₱6,294.1 million	₱94.8 million		
Due from related parties	2025	₱106.8 million	₱41.3 million		
	2024	₱139.1 million	₱39.3 million		

**The balances and transactions presented in this table were incurred/realized as at September 30, 2025 and December 31, 2024 and for the nine-month periods ended September 30, 2025 and 2024.*

Terms and Conditions of Transactions with Related Parties

Outstanding balances at year-end are unsecured and interest-free. Balances are settled in cash and payable on demand. The Group did not make any provision for impairment loss relating to amounts owed by related parties.

16. Income Taxes

Provision for current income tax represents the total regular corporate income tax of the Group for the nine-month periods ended September 30, 2025 and 2024.

The components of the Group's net deferred tax liabilities as at September 30, 2025 and December 31, 2024, respectively, as shown in the consolidated statements of financial position, are as follows:

	September 30, 2025	December 31, 2024
Deferred tax assets:		
Allowance for ECL	₱167,165	₱164,078
Revenue from contracts with customers – net	146,291	128,503
Pension liability and unamortized past service cost	102,235	109,573
Allowance for inventory obsolescence	51,306	38,914
Accrued expenses	60,130	37,560
Lease liabilities	16,657	5,626
	543,785	484,454
Deferred tax liabilities:		
Service concession assets	(2,621,589)	(2,150,567)
Unamortized debt issuance costs	(85,233)	(71,290)
ROU assets	(423)	(84)
Others	(151)	(108)
	(2,707,396)	(2,222,049)
Deferred tax liabilities – net	(₱2,163,611)	(₱1,737,595)

Service concession assets consist of concession fees and property, plant and equipment. For income tax purposes, concession fees are amortized using the UOP method, while property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives or remaining concession period, whichever is shorter.

The reconciliation of provision for income tax, computed at the statutory income tax rate, to provision for income tax, as shown in the consolidated statements of income, is summarized as follows:

	September 30, 2025	September 30, 2024
Income tax at statutory tax rate based on effective tax rate	P3,639,441	P3,126,000
Add (deduct) the tax effects of:		
Benefit under OSD method	(697,062)	—
Tax impact on change of method of deduction and others	114,737	(556,410)
Interest income already subjected to final tax	(32,077)	(66,526)
Non-deductible expenses and others	360,135	334,532
Provision for income tax	P3,385,174	P2,837,596

For the nine-month period ended September 30, 2025, the majority of the non-deductible expenses pertains to provisions recognized by the Group (see Note 12).

17. Interest Expense and Other Financing Charges

	September 30, 2025	September 30, 2024
Interest-bearing loans (Note 11)	P1,212,580	P1,284,370
Accretion on service concession obligation payable to MWSS (Note 10)	426,261	469,327
Accretion on lease liability (Note 21)	36,951	20,156
Accretion of customers' deposits (Note 11)	28,707	24,654
Amortization of debt issuance costs (Note 11)	25,178	28,878
	P1,730,677	P1,827,385

18. Basic/Diluted Earnings Per Share

	Three Months Ended September 30		Six Months Ended September 30	
	2025	2024	2025	2024
Net income (a)	P3,944,963	P3,398,962	P11,411,591	P9,666,404
Weighted average number of shares at end of year for basic earnings per share (b)*	5,612,628	4,512,375	5,612,628	4,512,375
Effect of dilution from ESOP shares	—	37,766	—	37,766
Weighted average number of shares at end of year for diluted earnings per share (c)	5,612,628	4,550,141	5,612,628	4,550,141
Basic earnings per share (a/b)	P0.70	P0.75	P2.03	P2.14
Diluted earnings per share (a/c)	P0.70	P0.75	P2.03	P2.12

*The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

19. Provisions and Contingencies

The following are the significant contingencies of the Company as at September 30, 2025 and December 31, 2024:

- a. Additional Tranche B Concession Fees and interest penalty are being claimed by MWSS in excess of the amount recommended by the Receiver. Such additional charges being claimed by MWSS (in addition to other miscellaneous claims) amounted to P5.0 billion as at September 30,

2025 and December 31, 2024, respectively. The Rehabilitation Court has resolved to deny and disallow the said disputed claims of MWSS in its December 19, 2007 Order, upholding the recommendations of the Receiver on the matter. Following the termination of the Parent Company's rehabilitation proceedings, the Parent Company and MWSS sought to resolve this matter in accordance with the dispute requirements of the TCA (see Notes 3, 7 and 10). A joint committee, with members from Maynilad and MWSS, was formed in June 2016 to prepare a report containing a stipulation of facts, issues, and recommendations on the Disputed Claims. On July 4, 2016, Maynilad submitted to MWSS a Statement of Facts. MWSS has yet to provide Maynilad with its comments.

- b. On October 13, 2005, the Parent Company and Manila Water (the "Concessionaires") were jointly assessed by the Municipality of Norzagaray, Bulacan for real property taxes on certain common purpose facilities purportedly due from 1998 to 2005 amounting to ₱357.1 million. It is the position of the Concessionaires that it is the RoP that owns these properties, and they are therefore exempt from real property taxes.

On September 5, 2022, the Central Board of Assessment Appeals (CBAA) ruled that the Water Concessionaires and MWSS are not liable for real property tax on the land and common purpose facilities. On October 11, 2022, the Province of Bulacan and Municipality of Norzagaray appealed the CBAA Decision by way of a Petition for Review to the Court of Tax Appeals (CTA). On May 26, 2023, the CTA En Banc dismissed the Petition without prejudice due to the petitioners' repeated failure to comply with the Rules of Civil Procedure and the lawful orders of the CTA.

On July 22, 2024, Maynilad received the Notice of Resolution and Resolution issued by the CTA on July 11, 2024, resolving the Motion for Issuance of Entry of Judgment filed by Maynilad and denying the same for being moot, in view of the Manifestation of the Petitioners dated May 3, 2024, and the Resolution of the CTA recalling and setting aside the CTA Resolution dated May 26, 2023.

- c. In 2016, the DENR issued Administrative Order No. 2016-08 (DAO No. 2016-08), which sets new wastewater guidelines for each type of body of water, and also specifies significant effluent quality parameters for each industry based on the most probable pollutant that a type of industry will discharge into the environment. It also sets new significant parameters that have to be complied with before treated wastewater is discharged to receiving bodies of water.

DAO No. 2016-08 provides a grace period for compliance of not more than five years, provided that the establishment submits a Compliance Action Plan (CAP) and periodic status reports of implementation to the DENR on the steps taken for the establishment's compliance schedule within the prescribed grace period.

Maynilad has 22 wastewater reclamation facilities (WRF) treating effluents compliant with the previous standards under DAO 35-s.1990. With the effectivity of DAO No. 2016-08 that imposes more stringent standards (biological nutrient removal and fecal coliform), Maynilad would have to incur higher capital and operational expenditures to make its existing WRFs compliant with the new effluent standards. In March 2017, Maynilad submitted to the DENR its CAP to comply with DAO No. 2016-08 and requested, among others, that it be granted the five-year grace period (or until 2021) provided in DAO No. 2016-08 within which to comply with the new effluent standards.

On April 23, 2021, Maynilad wrote the DENR to request for an extension to comply with the approved CAP until 2028. The request for extension is to give Maynilad sufficient time to implement and complete the upgrade of its facilities to comply with DAO No. 2016-08. On June 30, 2021, the DENR issued DAO No. 2021-19, which relaxed certain standards in DAO No. 2016-08.

On July 6, 2021, Maynilad received DENR's letter dated July 1, 2021 advising Maynilad of Environmental Management Bureau (EMB) Memorandum Circular No. 2021-01, which clarified that the grace period began when DAO No. 2016-08 went into effect. In its letter, the DENR explained that the moratorium or grace period will end on June 18, 2021. However, Maynilad may continue to use its approved CAP since the objective is to ensure compliance with all environmental laws.

On June 30, 2021, the DENR issued DAO 2021-19 updating the water quality guidelines for selected parameters based on current classification of water bodies and its beneficial use, and the effluent standards for selected parameters based on perceived impact to the activities in the area and to the environment. It also provided that any person or establishment requesting for modification of significant effluent quality parameters shall submit to the EMB Central Office the methodology and technical report with justifications containing the required details. A particular parameter, as indicated in Table 8 of DAO 2016-08, may also be excluded in succeeding monitoring periods, provided that there is a request for exclusion and certain conditions are met.

On September 1, 2021, Maynilad submitted the updated CAPs for its 21 WRFs and requested for the extension of the respective grace periods for the implementation of the new standards. The Laguna Lake Development Authority (LLDA) approved Maynilad's updated CAPs and granted additional grace periods for the WRFs to be modified to be able to fully comply with the applicable general effluent standards. The previously granted grace period until December 31, 2022 has been extended for each WRF, consistent with the effectivity of its discharge permit.

During the prescribed grace period, a moratorium, which includes the issuance of a cease and desist and/or closure order, a fine, and other penalties against the establishment's operations, is in effect. However, the establishments are not exempt from compliance monitoring and inspections by LLDA. DAO 1990-35 shall apply during the grace period, and each establishment must still comply with all the conditions in its discharge permit.

Maynilad, through its Wastewater Management Division, regularly submits the quarterly CAP update reports to the LLDA.

- d. Water for All Reform Movement (WARM) filed a Petition before the Court of Appeals (CA) praying for the issuance of a Writ of Kalikasan to enjoin Maynilad and Manila Water from implementing a combined drainage and sewerage system as it supposedly violates Sections 27 (a) and (e) of the Clean Water Act (CWA), which prohibit the direct deposit and transport of sewage into water bodies. WARM additionally claims that the (i) Sanitation Code has already been repealed by the CWA, and (ii) the Concessionaires are in continuing violation of the Writ of Continuing Mandamus issued by the SC in the Manila Bay Case.

It is the position of the Water Concessionaires that (i) the Writ of Continuing Mandamus is not a law, (ii) there are no grounds for the issuance of the Writ of Kalikasan, and (iii) the Sanitation Code (which expressly allows the installation of a combined system) has not been repealed by the CWA.

The CA dismissed the Petition filed by WARM, citing that the installation of a combined drainage and sewerage system is allowed under the Sanitation Code. WARM elevated the CA's decision via Certiorari to the SC in 2014. On July 19, 2023, the Parent Company received a copy of the Decision of the SC denying the petition and affirming the resolutions of the CA.

On July 22, 2024, Maynilad received the Notice of Resolution and Resolution issued by the CTA on July 11, 2024, resolving the Motion for Issuance of Entry of Judgment filed by Maynilad and denying the same for being moot, in view of the Manifestation of the Petitioners dated May 3,

2024, and the Resolution of the CTA recalling and setting aside the CTA Resolution dated May 26, 2023.

- e. The Parent Company is a party to various civil and labor cases relating to breach of contracts with damages, illegal dismissal of employees, and nonpayment of back wages, benefits and performance bonus, among others.
- f. Provisions recognized in 2025 and 2024 were presented as “Others-net” in the consolidated statements of income and as “Accrued expenses” under “Trade and other payables” in the consolidated statements of financial position (see Note 12). Other disclosures required by PAS 37 were not provided as they may prejudice Maynilad’s position in on-going claims, litigations, and assessments.

20. Significant Contracts with Manila Water (East Concessionaire)

In relation to the Concession Agreement, the Parent Company entered into the following contracts with the East Concessionaire:

- a. Interconnection Agreement wherein the two Concessionaires shall form an unincorporated joint venture that will manage, operate, and maintain interconnection facilities. The terms of the agreement provide, among others, the cost and the volume of water to be transferred between zones; and
- b. Common Purpose Facilities Agreement that provides for the operation, maintenance, renewal, and, as appropriate, decommissioning of the Common Purpose Facilities, and performance of other functions pursuant to and in accordance with the provisions of the Concession Agreement and performance of such other functions relating to the Concession (and the Concession of the East Concessionaire) as the Parent Company and the East Concessionaire may choose to delegate to the Joint Venture, subject to the approval of MWSS.
- c. On January 25, 2022, Maynilad and Manila Water entered into a contract with China International Water and Electric Corp. for the design and build of the proposed Angat Water Transmission Project (Tunnel 5). On February 17, 2022, Maynilad and Manila Water entered into a contract with Dohwa Engineering, Co. Ltd. for the construction management of the proposed Angat Water Transmission Project (Tunnel 5). The Angat Water Transmission Project (Tunnel 5) is part of the MWSS’s water security program, which aims to provide (i) additional nineteen (19) cubic meters per second of raw water supply, and (ii) improve the reliability and operational flexibility of the Umiray-Angat-Ipo raw water conveyance system.
- d. On October 28, 2022, Maynilad and Manila Water entered into a Memorandum of Agreement for the purchase of raw bulk water by the former from the latter at ₱21/cu.m. and treated bulk water at ₱26/cu.m.
- e. On February 1, 2024, Maynilad and Manila Water entered into a Memorandum of Agreement for the purchase of treated bulk water of 47 million liters per day (47 MLD) delivered or made available by Manila Water to Maynilad at a purchased water rate of ₱40.99 per cu.m, exclusive of taxes, for each billing month, subject to the bulk water charge adjustments of Rebasing Convergence adjustment, CPI adjustment, Extraordinary Price adjustment, FCDA, Modified FCDA, and any other adjustments as approved by the MWSS.
- f. For every excess of volume beyond 47 MLD, the purchased water rate that will apply is ₱43.00 per cu.m, exclusive of taxes, for each billing month, subject to the bulk water charge adjustments of Rebasing Convergence adjustment, CPI adjustment, Extraordinary Price adjustment, FCDA, Modified FCDA, and any other adjustments as approved by the MWSS.

21. Commitments

Concession Agreement

Significant commitments under the Concession Agreement follow:

- a. To pay Concession Fees (see Note 7)
- b. To post Performance Bond (see Note 6)

Under Section 6.10 of the RCA, as amended, the Parent Company is required to post and maintain, throughout the concession period, a performance bond in favor of MWSS to secure the Parent Company's performance of its obligations under certain provisions of the Concession Agreement. The aggregate amount drawable in one or more installments under such performance bond during the Rate Rebasing Period to which it relates is set out in the following table.

Rate Rebasing Period	Aggregate Amount Drawable Under Performance Bond
	<i>(In Millions)</i>
First (August 1, 1997 – December 31, 2002)	US\$120.0
Second (January 1, 2003 – December 31, 2007)	120.0
Third (January 1, 2008 – December 31, 2012)	90.0
Fourth (January 1, 2013 – December 31, 2017)	80.0
Fifth (January 1, 2018 – December 31, 2022)	60.0
Sixth (January 1, 2023 – December 31, 2027)	₱21,953.0

The Parent Company shall ensure that the performance bond is maintained in the amount equal to at least the performance bond amount at all times during the performance bond validity period. In the event that MWSS draws against the performance bond, the Parent Company shall replenish the same to restore the value of the performance bond to its original amount within fifteen (15) days from the date MWSS shall have drawn thereon without need of demand.

- c. To pay half of MWSS and MWSS-RO's budgeted expenditures for the subsequent years, provided that the aggregate annual budgeted expenditures do not exceed ₱200.0 million, subject to CPI adjustments. As a result of the extension of the life of the Concession Agreement, the annual budgeted expenditures shall increase by 100%, subject to CPI adjustments, effective January 2010 (see Notes 1 and 7).
- d. To meet certain specific commitments with respect to the provision of water and wastewater services in the West Service Area, unless modified by the MWSS-RO due to unforeseen circumstances.
- e. To operate, maintain, renew and, as appropriate, decommission facilities in a manner consistent with the National Building Standards and best industrial practices so that, at all times, the water and wastewater system in the West Service Area is capable of meeting the service obligations (as such obligations may be revised from time to time by the MWSS-RO following consultation with the Parent Company).
- f. To repair and correct, on a priority basis, any defect in the facilities that could adversely affect public health or welfare, or cause damage to persons or third-party property.
- g. To ensure that at all times the Parent Company has sufficient financial, material and personnel resources available to meet its obligations under the Concession Agreement.
- h. To prevent incurrence of debt or liability that would mature beyond the Expiration Date.

Failure of the Parent Company to perform any of its obligations under the Concession Agreement of a kind or to a degree which, in a reasonable opinion of the MWSS-RO, amounts to an effective abandonment of the Concession Agreement and which failure continues for at least seven days after written notice from the MWSS-RO, may cause the Concession Agreement to be terminated.

MWSS JBIC Loan (Concession Fee)

The Loan Agreement between the Government and JBIC (formerly OECF) was signed on February 9, 1990. The proceeds of the Loan were used to fund the implementation of the Angat Water Supply Optimization Project (AWSOP), with MWSS as the implementing agency. Prior to privatization, actual drawdowns from the Loan were recorded by MWSS as equity from the Government, while the draws during privatization were assumed and paid by the Concessionaires. The sharing is 61.83% and 38.17% for Maynilad and Manila Water, respectively.

On June 6, 2019, Maynilad received a letter from the MWSS requesting to pay ₱821.0 million (“Invoiced Amount”). Accordingly, Maynilad learned that the drawdowns made on the JBIC Loan prior to the privatization of MWSS’s operations are considered loans and not equity as formerly advised. MWSS’s request for the Concessionaires to pay was triggered by an instruction from the DOF to the Bureau of Treasury, to have the Concessionaires reimburse the Government for the latter’s payments on the JBIC Loan.

Maynilad replied to MWSS on July 1, 2019 and clarified the Invoiced Amount. Maynilad’s position is to pay only ₱677.0 million because (i) Maynilad remitted to the MWSS ₱113.0 million representing Guarantee Fees based on MWSS’s invoice. However, the JBIC Loan makes no reference to and does not include the payment of Guarantee Fees, the borrower being the Government itself. This being the case, the Guarantee Fees that Maynilad remitted to MWSS must be set off or applied against the Invoiced Amount; and (ii) while Maynilad always pays the foreign exchange shortfall in the debt servicing of MWSS-contracted loans, there is no need for Maynilad to pay the Forex Shortfall of ₱31.0 million in the JBIC Loan catch-up payment. The difference in the foreign exchange rate (from Japanese Yen to Philippine Peso) has already been captured and reflected in the total peso amount billed by the Bureau of Treasury.

Further, Maynilad also requested to pay ₱677.0 million in eight monthly installments of ₱84.6 million to commence in July 2019 until February 2020, to coincide with the full payment/maturity of the JBIC Loan.

As communicated by MWSS-Finance on July 17, 2019, Maynilad can pay based on the requested amount and schedule while waiting for the response of the Bureau of Treasury concerning the guarantee fee and shortfall. Maynilad paid the first installment on July 30, 2019.

The last installment for JBIC Loan was paid on February 18, 2020. As at September 30, 2025, the Bureau of Treasury has yet to respond to the Company’s letter concerning the guarantee fee and shortfall.

₱15 billion Blue Bonds

The funds raised from the Offer will mainly be allocated to support Eligible Blue Projects and/or Blue Activities in alignment with the Company’s Sustainable Finance Framework (see Note 11). Furthermore, none of the proceeds will be utilized to compensate any officer, director, employee, or shareholder for services provided, assets previously conveyed, loans made, or advances given. Additionally, no portion of the proceeds will be directed towards settling the Company’s existing debts.

Leases

Company as a lessee

The Group leases the right of way, office space and branches where service outlets are located, several equipment and service vehicles, renewable under certain terms and conditions to be agreed upon by the parties. The Group also has certain leases with lease terms of 12 months or less and leases of low value.

The Group applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

The following are the amounts recognized in the consolidated statements of comprehensive income presented as part of “Interest expense and other financing charges”, “Depreciation and amortization”, and “Rental”:

	September 30, 2025	September 30, 2024
Depreciation expense of ROU assets	P136,080	P113,184
Expense relating to short-term leases	70,470	30,534
Interest expense on lease liabilities	36,951	20,156
Expense relating to low-value assets	21,784	22,947
	P265,285	P186,821

Lease liabilities represent payments to be made over the remaining lease term. Movements of the lease liabilities during the year are as follows:

	September 30, 2025	December 31, 2024
Balance at the beginning of the period	P372,787	P436,438
Additions during the period	519,233	83,862
Payments (Note 22)	(142,160)	(167,521)
Termination	(33,700)	(5,638)
Accretion of interest (Note 17)	36,951	25,646
Balance at end of the period	753,111	372,787
Less current lease liabilities	97,167	72,401
Noncurrent lease liabilities (Note 23)	P655,943	P300,386

As at September 30, 2025 and 2024, the current portion of lease liabilities are presented under “Trade and other payables” and the noncurrent portion of lease liabilities are presented under “Other noncurrent liabilities” in the consolidated statements of the financial position.

Most of the contracts of lease by the Group have stipulations stating that renewal of lease is subject to mutual agreement of both the lessor and the lessee. As such, it is not reasonably certain that the Company will exercise the option to extend the lease since the extension is considered unenforceable.

The approximate annual future minimum lease payable of the Parent Company under its existing non-cancellable lease agreements as a lessor are as follows:

	September 30, 2025	December 31, 2024
	<i>(In Millions)</i>	
1 year	₱216.9	₱136.9
more than 1 years to 2 years	213.1	102.9
more than 2 years to 3 years	168.6	86.4
more than 3 years to 4 years	149.3	31.3
more than 4 years to 5 years	45.9	11.8
more than 5 years	51.5	60.8

22. Assets Held in Trust

Assets which are owned by MWSS but are used in the operations of the Parent Company under the Concession Agreement are not reflected in the consolidated statements of financial position but carried as Assets Held in Trust, except for certain assets transferred to the Parent Company.

Materials and Supplies

The Parent Company has the right to use any items of inventory owned by MWSS in carrying out its responsibility under the Concession Agreement, subject to the obligation to return the same at the end of the concession period, in kind or in value at its current rate, subject to CPI adjustments.

Facilities

The Parent Company has been granted the right to operate, maintain in good working order, repair, decommission and refurbish the movable property required to provide the water and wastewater services under the Concession Agreement. MWSS shall retain legal title to all movable property in existence at the Commencement Date. However, upon expiration of the useful life of any such movable property as may be determined by the Parent Company, such movable property shall be returned to MWSS in its then-current condition at no charge to MWSS or the Parent Company (see Note 7).

The Concession Agreement also provides the Parent Company and the East Concessionaire to have equal access to MWSS facilities involved in the provision of water supply and wastewater services in both West and East Service Areas including, but not limited to, the MWSS management information system, billing system, telemetry system, central control room and central records.

The net book value of the facilities transferred to the Parent Company on Commencement Date based on MWSS' closing audit report amounted to ₱7.3 billion with a sound value of ₱13.8 billion.

Beginning at the Commencement Date, MWSS' corporate headquarters were made available for a one-year lease to the Parent Company and the East Concessionaire, subject to renewal with the consent of the parties concerned. The Parent Company renewed its lease contract with MWSS effective on January 1, 2025 and covers up to December 31, 2029. Lease payments amounted to ₱142.6 million and ₱68.3 million as at September 30, 2025, and September 30, 2024, respectively (see Note 20).

23. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are its debts to the local banks and concession fees payable to MWSS per Concession Agreement. Other financial instruments of the Group are cash and cash equivalents, and trade and other receivables. The main purpose of those financial instruments is to finance the Group's operations.

The main risks arising from the Group's principal financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The BOD reviews and approves the policies for managing the Group's financial risks. The Group monitors risks arising from all financial instruments and regularly reports financial management activities and the results of these activities to the BOD.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of the changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to the Company's interest-bearing loans.

The following table shows the Company's significant financial liabilities that are exposed to cash flow interest rate risk:

¥4.8 billion Corporate Notes (1st drawdown)	Fixed rate benchmark (6.00%, March 2, 2015 to March 2, 2035)
¥4.8 billion Corporate Notes (2nd drawdown)	Fixed rate benchmark (6.00%, October 4, 2016 to March 2, 2035)
¥4.8 billion Corporate Notes (3rd drawdown)	Fixed rate benchmark (6.00%, August 1, 2017 to March 2, 2035)
¥4.8 billion Corporate Notes (4th drawdown)	Fixed rate benchmark (6.00%, March 5, 2018 to March 2, 2035)
¥18.5 billion Fixed Corporate Notes - 10Y (1st drawdown)	Fixed rate benchmark+0.70% (6.8229%, March 23, 2018 to March 23, 2028)
¥18.5 billion Fixed Corporate Notes - 15Y (1st drawdown)	Fixed rate benchmark+0.60% (6.4920%, March 23, 2018 to March 23, 2026)
¥18.5 billion Fixed Corporate Notes - 10Y (2nd drawdown)	Fixed rate benchmark+0.70% (6.8388%, April 27, 2018 to March 23, 2028)
¥18.5 billion Fixed Corporate Notes - 15Y (2nd drawdown)	Fixed rate benchmark+0.60% (6.5489%, April 27, 2018 to March 23, 2026)
¥7.9 billion Facility Loan (1st drawdown)	Fixed rate benchmark+0.90% (August 20, 2018 to June 7, 2027)
¥7.9 billion Facility Loan (2nd drawdown)	Fixed rate benchmark+0.90% (November 28, 2018 to June 7, 2027)
¥13.1 billion Facility Loan (¥2.9 billion drawdown)	Fixed rate benchmark (April 2, 2019 to October 10, 2034)
¥13.1 billion Facility Loan (¥10.2 billion drawdown)	Fixed rate benchmark (June 23, 2023 to October 10, 2034)
¥6.0 billion Term Loan Facility	Fixed rate benchmark+0.50% (5.4992%, August 12, 2022 to August 12, 2037)
¥4.0 billion Term Loan Facility	Fixed rate benchmark+0.50% (7.0036%, November 10, 2022 to November 10, 2032)
¥6.0 billion Term Loan Facility	Fixed rate benchmark+0.65% (7.1581%, November 17, 2022 to November 17, 2032)
¥10.0 billion Term Loan Facility (1st drawdown)	Fixed rate benchmark (6.4059%, May 11, 2023 to May 11, 2028)
¥10.0 billion Term Loan Facility (2nd drawdown)	Fixed rate benchmark (7.0006%, October 3, 2023 to May 11, 2028)
¥5.0 billion Term Loan Facility	Fixed rate benchmark (6.5963%, December 14, 2023 to December 14, 2026)
¥5.0 billion Term Loan Facility	Fixed rate benchmark (6.4959%, March 24, 2024 to March 24, 2034)
¥15.0 billion Blue Bonds Series A: 9.0 billion	Fixed rate benchmark (6.7092%, July 12, 2024 to July 12, 2029)
Series B: 6.0 billion	Fixed rate benchmark (7.9031%, July 12, 2024 to July 12, 2034)
¥2.5 billion Term Loan Facility	Fixed rate benchmark (6.2528%, March 12, 2025 to March 12, 2035)
¥2.5 billion Term Loan Facility	Fixed rate benchmark (6.2279%, March 20, 2025 to March 20, 2035)
¥4.0 billion Term Loan Facility	Fixed rate benchmark (6.1868%, September 20, 2025 to March 20, 2035)

₱4.0 billion Term Loan Facility

Fixed rate benchmark

(6.2225%, July 14, 2025 to July 13, 2035)

Peso-denominated Bank Loan

Fixed rate benchmark

(5.50%, June 29, 2015 to June 29, 2025)

Interest on financial liabilities classified as fixed rate is fixed until the maturity of the instrument.

The following tables show information about the Company's financial assets and financial liabilities that are exposed to cash flow and fair value interest rate risks.

September 30, 2025		
	Within 1 Year	Total
Short-term cash investments –		
Cash and cash equivalents (1-90 days) *	₱6,407,929	₱6,407,929

*Excludes cash on hand amounting to ₱17,113 million.

December 31, 2024		
	Within 1 Year	Total
Short-term cash investments –		
Cash and cash equivalents (1-90 days) *	₱10,515,179	₱10,515,179

*Excludes cash on hand amounting to ₱4,362 million.

September 30, 2025					
	Within 1 Year	More than 1 Year	Total (In US\$)	Total (In ¥)	Total (In ₱)
Liabilities:					
Interest-bearing loans:					
Interest rate	6.00%, 6.39%, 6.75%, 7.30%, 6.70%, 6.89%, 6.55%, 6.83%, 6.90%, 6.61%, 5.00%, 5.50%, 6.40%, 7.00%, 7.15%, 6.60%, 6.50% and 5.50%	6.00%, 6.39%, 6.75%, 7.30%, 6.70%, 6.89%, 6.55%, 6.83%, 6.90%, 6.61%, 5.00%, 5.50%, 6.40%, 7.00%, 7.15%, 6.60%, 6.50% and 5.50%			
Current – foreign	¥2,269,497	–	–	¥2,269,497	886,693
Current – local	1,798,484	–	–	–	1,798,484
Noncurrent – foreign	–	¥11,390,727	–	¥11,390,727	4,450,357
Noncurrent – local	–	₱86,473,908	–	–	86,473,908
					93,609,442
Service concession obligation payable to MWSS:					
Interest rate	6.67%				
Current – foreign	\$4,675	–	\$4,675	–	272,055
Current – local	₱785,792	–	–	–	785,792
Noncurrent – foreign	–	\$61,079	\$61,079	–	3,554,538
Noncurrent – local	–	₱2,403,425	–	–	2,403,425
					7,015,810
					100,625,252

The spot exchange rates used were ₱58.196:US\$1 and ₱391: ¥1 as at September 30, 2025.

December 31, 2024					
	Within 1 Year	More than 1 Year	Total (In US\$)	Total (In ¥)	Total (In ₱)
Liabilities:					
Interest-bearing loans:					
Interest rate	6.00%, 6.39%, 6.75%, 7.30%, 6.70%, 6.89%, 6.55%, 6.83%, 6.90%, 6.61%, 5.00%, 5.50%, 6.40%, 7.00%, 7.15%, 6.60%, 6.50% and 5.50%	6.00%, 6.39%, 6.75%, 7.30%, 6.70%, 6.89%, 6.55%, 6.83%, 6.90%, 6.61%, 5.00%, 5.50%, 6.40%, 7.00%, 7.15%, 6.60%, 6.50% and 5.50%			
Current foreign	¥2,269,504	—	—	¥2,269,504	₱833,362
Current-local	₱3,352,703	—	—	—	3,352,703
Noncurrent -foreign	—	¥12,525,477	—	12,525,477	4,599,355
Noncurrent – local	—	₱74,862,116	—	—	74,862,116
					83,647,536
Service concession obligation payable to MWSS:					
Interest rate	9.02%				
Current – foreign	\$5,604	—	\$5,604	—	₱324,136
Current – local	₱703,118	—	—	—	703,118
Noncurrent – foreign	—	\$66,169	\$66,169	—	3,827,530
Noncurrent – local	—	₱2,466,997	—	—	2,466,997
					7,321,781
					₱90,969,317

The spot exchange rates used were ₱57.845:US\$1 and ₱0.3672: JPY1 as at December 31, 2024.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future value of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group's foreign currency risk arises primarily from movements of the Philippine Peso against the United States Dollar and Japanese Yen. The servicing of foreign currency denominated loans of MWSS is among the requirements of the Concession Agreement. Revenues are generated in Philippine Peso. However, there is a mechanism in place as part of the Concession Agreement wherein the Company (or the end consumers) can recover currency fluctuations through the FCDA that is approved by the RO.

Information on the Company's foreign currency-denominated monetary assets and liabilities and the Philippine Peso equivalent of each as at September 30, 2025 and December 31, 2024 are presented as follows:

September 30, 2025			
	US Dollar	JPY	Total Peso Equivalent
Asset			
Cash and cash equivalents and restricted cash	\$1,667	¥10,793	₱101,214
Liabilities			
Interest-bearing loans	\$—	¥13,660,225	5,337,050
Service concession obligation payable to MWSS	\$65,754		3,826,593
	65,754	13,660,225	9,163,643
Net foreign currency denominated liabilities	(\$64,087)	(¥13,649,432)	(₱9,062,429)

The spot exchange rates used were ₱58.20:US\$1 and ₱0.3907:¥1 as at September 30, 2025.

	December 31, 2024		Total Peso
	US Dollar	JPY	Equivalent
Asset			
Cash and cash equivalents and restricted cash	\$1,719	¥11,125	₱103,521
Liabilities			
Interest-bearing loans	\$—	(¥14,794,981)	(₱5,432,717)
Service concession obligation payable to MWSS	(71,772)	—	(4,151,666)
	(71,772)	(14,794,981)	(9,584,383)
Net foreign currency denominated liabilities	(\$70,053)	(¥14,783,856)	(₱9,480,862)

The spot exchange rates used were ₱57.845:US\$1 and ₱0.3672:¥1 as at December 31, 2024.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and equity as at September 30, 2025 and December 31, 2024. The estimates in the movement of the foreign exchange rates were based on the management's annual financial forecast.

	Increase (Decrease) in Peso, U.S Dollar and JPY Exchange Rates	Foreign Exchange Rate	Effect on Income Before Income Tax
September 30, 2025			
U.S. Dollar	+1%	58.20	(₱37,296)
JPY	+1%	0.39	(53,328)
U.S. Dollar	-1%	58.20	37,296
JPY	-1%	0.39	53,328
December 31, 2024			
U.S. Dollar	+1%	57.85	(₱39,336)
JPY	-1%	0.37	(64,434)
U.S. Dollar	+1%	57.85	39,336
JPY	-1%	0.37	64,434

The Group recognized net foreign exchange loss and gain of ₱0.95 billion and ₱1.0 billion for the nine-month periods ended September 30, 2025 and 2024, respectively, mainly arising from the translation of the Company's cash and cash equivalents, deposits, interest-bearing loans and service concession obligation payable to MWSS. However, the net foreign exchange gain or loss on interest-bearing loans and service concession obligation payable to MWSS is subject to foreign exchange recovery mechanisms under the Concession Agreement (see Note 2).

Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group trades only with recognized, creditworthy third parties. Because of the basic need service it provides, historical collections of the Group are relatively high. Credit exposure is widely dispersed. Receivable balances are monitored on an ongoing basis.

With respect to credit risk arising from the other financial assets of the Group consisting of cash and cash equivalents, deposits and restricted cash and deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these

instruments. The Group transacts only with institutions or banks that have demonstrated financial soundness for the past five years.

Maximum exposure to credit risk of financial assets not subject to impairment

The Group has unquoted equity shares measured at fair value through other comprehensive income amounting to ₱124.9 million as at September 30, 2025 and December 31, 2024 (see Note 9).

Maximum exposure to credit risk of financial assets subject to impairment

The table below shows the maximum exposure to credit risk for the Group's financial instruments (amounts in thousands):

	September 30, 2025	December 31, 2024
Cash and cash equivalents* (see Note 4)	₱6,407,929	₱10,515,179
Trade and other receivables – net (see Note 5)	2,974,031	2,722,872
Contract assets (see Note 14)	1,664,250	1,386,458
Deposits and restricted cash (see Note 6)	559,232	558,957
Deposits**	265,311	238,428
Total credit risk exposure	₱11,870,753	₱15,421,894

*Excludes cash on hand amounting to ₱17.1 million and ₱4.4 million as at September 30, 2025 and December 31, 2024, respectively.

**Included as part of "Other current assets" and "Other noncurrent assets", excluding advances for customers amounting to ₱6.3 million as at September 30, 2025 and December 31, 2024, in the consolidated statements of financial position.

The following table shows the maximum exposure to credit risk for the Group's financial instruments by credit rating grades (amounts in thousands):

	September 30, 2025				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
High grade	₱6,673,239	₱–	₱673,138	₱4,951,911	₱12,298,288
Standard grade	1,248,513	26,602	125,928	2,256	1,403,298
Gross carrying amount	7,921,752	26,602	799,066	4,954,166	13,701,586
Loss allowance				(1,830,835)	(1,830,835)
Carrying amount	₱7,921,752	₱26,602	₱799,066	₱3,123,331	₱11,870,751

	December 31, 2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
High grade	₱10,766,180	₱–	₱–	₱4,895,625	₱15,664,805
Standard grade	1,114,091	26,602	–	138,959	1,279,652
Gross carrying amount	11,880,271	26,602	–	5,034,584	16,941,457
Loss allowance	–	–	–	(1,519,563)	(1,519,563)
Carrying amount	₱11,880,271	₱26,602	₱–	₱3,515,021	₱15,421,894

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, deposits and restricted cash are placed in various banks. These are held by large prime financial institutions that have good reputation and low probability of insolvency. Management assesses the quality of these financial assets as high grade.

For trade and other receivables and contract assets, high grade relates to those which are consistently collected before the maturity date, normally seven days from bill delivery. Standard grade includes receivables from customers that are collectible beyond seven days from bill delivery even without an effort from the Parent Company to follow them up, or those advances from officers and employees that are collected through salary deduction. For deposits, standard grade consists of meter and security deposits that are normally refundable upon termination of service.

Set out below is the information about the credit risk exposure on the Group's trade and other receivables and contract assets using a provision matrix as at September 30, 2025 and December 31, 2024, the table below summarizes the financial assets of the Group (amounts in thousands):

	September 30, 2025				
	Days past due				
	Current	1 to 180 days	181-360 days	More than 360 days	Total
Expected credit loss rate	1.88%	4.69%-26.81%	30.89%-50.99%	54.84%-100%	
Estimated total gross carrying amount at default*	P1,821,017	P1,962,814	P254,747	P2,135,640	P6,174,218
Expected credit loss	34,491	86,048	159,978	627,941	908,458
Credit-impaired receivables	—	—	—	683,377	683,377
Total	P34,491	P86,048	P159,978	P1,311,318	P1,591,835

*Balances shown exclude other non-trade receivables and advances to officers and employees amounting to P294.9 million as at September 30, 2025.

	December 31, 2024				
	Days past due				
	Current	1 to 180 days	181-360 days	More than 360 days	Total
Expected credit loss rate	1.86%	4.57%-25.64%	29.63%-49.50%	53.95%-100%	
Estimated total gross carrying amount at default*	₱1,560,524	₱1,709,725	₱180,158	₱1,674,247	₱5,124,654
Expected credit loss	28,641	145,553	77,456	555,369	807,019
Credit-impaired receivables	—	—	—	712,544	712,544
Total	₱28,641	₱145,553	₱77,456	₱1,267,913	₱1,519,563

*Balances shown exclude other non-trade receivables and advances to officers and employees amounting to P504.24 million as at December 31, 2024.

Excessive risk concentration

Given the Group's diverse base of counterparties in its financial assets, it is not exposed to large or excessive concentrations of credit risk in any geographical region or industry.

Write-off policy

The Group writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Group writes off an account when any of the following conditions is met:

- unpaid bill(s) of former owner/tenant who can no longer be found. The amount to be written off shall be net of any customer deposit posted by the previous owner/tenant;
- the customer is deceased and left no estate, or the heir is not financially capable of settling the account;
- the unpaid bill(s) of a customer who has been declared bankrupt by the court;
- the filing of legal action to collect the unpaid bill(s) does not seem prudent under the circumstances, as determined by the Legal and Regulatory Affairs (LRA);
- a final judgment favoring the customer was issued in a case filed against the customer for collection of money. In this case, the amount to be written off shall be equal to the amount recommended by the court;
- any unpaid bills(s), more than three years old, of disconnected services and which remain uncollected after exerting all diligent efforts, as supported by the disconnection letter and/or demand letter; and
- the water service connection no longer exists, and the customer has no other account with Maynilad.

The Group also monitors loans written-off and any recoveries made. Outstanding receivables of demolished accounts written off amounted to P11.5 million and P34.3 million for the nine-month periods ended September 30, 2025 and year ended December 31, 2024, respectively (see Note 5).

Liquidity Risk

Liquidity risk is the potential for not meeting the obligations as they become due because of an inability to liquidate assets or obtain adequate funding.

The Group monitors its risk to a shortage of funds using recurring liquidity planning. Cash planning considers the maturity of both its financial investments and financial assets (e.g., trade and other receivables, other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank drafts, bank loans and debentures.

The following tables summarize the maturity profile of the Company's financial liabilities as at September 30, 2025 and December 31, 2024 based on contractual undiscounted payments.

September 30, 2025					
	On Demand	Due Within 3 Months	Due Between 3 and 12 Months	Due after 12 Months	Total
Financial Assets					
Cash and Cash Equivalents*	P2,878,230	P3,529,699	P–	P–	P6,407,929
Trade receivables:					
Customers	2,074,474	1,780,008	–	–	3,854,482
Bulk	94,834	140,393	–	–	235,227
Non-trade Receivables:					
Employees	–	35,198	–	–	35,198
Others	218,780	461,179	–	–	679,959
Contract Assets	–	1,664,250	–	–	1,664,250
Deposits**	–	–	493,543	65,689	559,232
Financial assets at FVOCI	124,864	–	–	–	124,864
Deposits and restricted cash	–	–	265,311	–	265,311
	5,391,182	7,610,727	758,854	65,689	13,826,452
Financial Liabilities					
Interest-bearing loans***	–	(1,580,642)	(2,180,460)	(90,924,265)	(94,685,367)
Trade and other payables****	(286,940)	(6,144,380)	(10,870,390)	(9,406,464)	(26,708,174)
Service concession obligation payable to MWSS	(607,217)	(450,629)	–	(5,957,964)	(7,015,810)
Customers' deposits	–	–	–	(657,140)	(657,140)
Lease liabilities*****	–	(53,241)	(43,926)	(655,944)	(753,111)
	(894,157)	(8,228,892)	(13,029,162)	(107,601,777)	(129,819,602)
Liquidity position (gap)	P4,497,025	(P618,165)	(P12,270,308)	(P107,536,088)	(P115,993,150)

December 31, 2024					
	On Demand	Due Within 3 Months	Due Between 3 and 12 Months	Due after 12 Months	Total
Financial Assets					
Cash and Cash Equivalents*	P3,040,480	P7,474,699	P–	P–	P10,515,179
Trade receivables:					
Customers	1,919,851	1,520,600	–	–	3,440,451
Bulk	5,725	201,951	–	–	207,676
Non-trade Receivables:					
Employees	–	46,328	–	–	46,328
Others	392,196	155,784	–	–	547,980
Contract Assets	–	1,386,458	–	–	1,386,458
Deposits**	–	–	–	558,957	558,957
Financial assets at FVOCI	124,864	–	–	–	124,864
Deposits and restricted cash	–	–	238,428	–	238,428
	5,843,116	10,785,820	238,428	558,957	17,066,321
Financial Liabilities					
Interest-bearing loans***	P–	(P3,462,656)	(P5,889,609)	(P113,986,178)	(P123,338,443)
Trade and other payables****	(587,206)	(6,310,976)	(7,995,581)	(7,719,745)	(22,613,508)
Service concession obligation payable to MWSS	–	(697,436)	(674,775)	(17,220,518)	(18,592,729)
Customers' deposits	–	–	–	(1,335,612)	(1,355,612)
Lease liabilities*****	–	(57,607)	(79,295)	(293,218)	(430,120)
	(587,206)	(15,424,585)	(14,639,260)	(155,214,531)	(166,330,412)
Liquidity position (gap)	P4,895,910	(P14,400,832)	(P14,400,832)	(P154,655,574)	(P149,264,091)

*Excludes cash on hand amounting to P17,113 and P4,362 as at September 30, 2025, and December, 31, 2024, respectively.

**Included as part of "Other noncurrent assets" in the consolidated statements of financial position.

***Principal plus interest payment.

****Excludes taxes payable, interest payable, current portion of lease and contract liabilities.

***** Included as part of "Other noncurrent assets", excluding advances for customers amounting to P6.3 million as at September 30, 2025 and December 31, 2024, in the consolidated statements of financial position.

Capital Management

The primary objective of the Group's capital management strategy is to ensure that it maintains a healthy capital structure in order to maintain a strong credit standing while it maximizes shareholder value.

The Group closely manages its capital structure vis-a-vis a certain target gearing ratio, which is net debt divided by total capital plus net debt. The Group's target gearing ratio is not to exceed 75%. This target is to be maintained over the next five years by managing the Group's level of borrowings and dividend payments to shareholders.

For purposes of computing its net debt, the Group includes the outstanding balance of its long-term interest-bearing loans, service concession obligation payable to MWSS and trade and other payables, less the outstanding cash and cash equivalents, deposits and restricted cash. To compute its capital, the Group uses total equity.

	September 30, 2025	December 31, 2024
Interest-bearing loans and service concession obligation payable to MWSS (see Notes 10 and 11)	P100,625,252	P90,969,317
Trade and other payables (see Note 12)	28,325,807	24,157,077
Less cash and cash equivalents, deposits and restricted cash (see Notes 4 and 6)	(6,690,353)	(10,757,968)
Net debt (a)	122,260,707	104,368,426
Net equity	80,502,626	75,354,950
Net equity and debt (b)	P202,763,332	P179,723,376
Gearing ratio (a/b)	60%	58%

For the purposes of monitoring debt ratio covenants, the Group computes using both interest-bearing debt and total liabilities. The Group closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration.

24. Fair Value of Financial Assets and Financial Liabilities

The following table summarizes the carrying values and fair values of the Company's financial assets and financial liabilities as at September 30, 2025 and December 31, 2024:

	September 30, 2025			
	Carrying value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets				
At fair value through other comprehensive income	P124,864	P–	P–	P124,864
At amortized cost - Deposits (included under "Other noncurrent assets" account)	559,232	–	–	485,021
	P684,096			P609,885
Financial Liabilities				
Other financial liabilities:				
Interest-bearing loans	P94,277,725	P–	P–	P98,214,474
Service concession obligation payable to MWSS	7,015,810	–	–	7,334,532
Customers' deposits	657,140	–	–	378,244
Lease liabilities	753,111	–	–	747,764
	P102,703,786	P–	P–	P106,675,014

	December 31, 2024			
	Carrying value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets				
At fair value through other comprehensive income	P124,864	P–	P–	P124,864
At amortized cost - Deposits (included under "Other noncurrent assets" account)	558,957	–	–	482,665
	P683,821	P–	P–	P607,529
Financial Liabilities				
Other financial liabilities:				
Interest-bearing loans	P83,647,536	P–	P–	P87,080,115
Service concession obligation payable to MWSS	7,321,781	–	–	7,668,381
Customers' deposits	1,355,612	–	–	639,104
Lease liabilities	372,787	–	–	375,605
	P92,697,716	P–	P–	P95,763,205

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

Cash and Cash Equivalents, Trade and Other Receivables, Contract Assets, Deposits and Restricted Cash, and Trade and Other Payables. Due to the short-term nature of these transactions, the carrying values approximate the fair values as at the reporting date. These are carried at amortized cost.

Financial Assets at FVOCI. Fair value is equivalent to the carrying value because the Company's financial assets at FVOCI pertain to unquoted equity investments.

Interest-bearing Loans. For floating rate loans, the carrying value approximates the estimated fair value as at the reporting date due to quarterly repricing of interest rates. For fixed rate loans, the estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of financial instruments.

Deposits, Service Concession Obligation Payable to MWSS, Customers' Deposits and Lease Liabilities. Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of financial instruments.

During the periods ended September 30, 2025 and December 31, 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of fixed rate interest-bearing loans, deposits, service concession obligation payable to MWSS, customers' deposits and lease liabilities are determined using Fair Value Hierarchy Level 3.

The estimated fair value of the following financial instruments is based on the discounted value of future cash flows using the prevailing interest rates. Discount rates used are as follows:

	September 30, 2025	December 31, 2024
Deposits	5.26%-6.44%	6.09%-6.18%
Interest bearing loans	1.53%-6.11%	3.98%-6.11%
Interest bearing bonds	1.83%-6.00%	5.87%-6.11%
Service concession obligation payable to MWSS	2.5%-8.67%	2.5%-8.53%
Customers' deposits	6.44%	6.09%
Lease liabilities	4.73%-6.01%	5.71%-6.18%

25. Supplemental Disclosure of Cash Flow Information

The noncash activities pertain to the following for the nine-month periods ended September 30, 2025 and 2024:

- MWSS loan drawdowns for Bigte-Novaliches Aqueduct No. 7 (BNAQ7) and Kaliwa Dam Project amounted to nil and ₱278.1 million, respectively; and
- Noncash activities pertaining to application of mobilization fund to service concession asset amounted to ₱2,601.4 million and nil, for the nine-month periods ended September 30, 2025 and 2024, respectively. Borrowing costs capitalized as part of service concession assets amounted to ₱3,068.3 million and ₱2,060.2 million, respectively (see Note 7).

26. Changes in Liabilities Arising from Financing Activities

	January 1, 2025	Cash Flows	Foreign Exchange Movement	Other*	September 30, 2025
Short-term and current portion of interest-bearing loans (Note 11)	₱4,186,065	(3,357,211)	–	1,856,323	2,685,177
Noncurrent portion of interest-bearing loans and bonds (Note 11)	79,461,471	13,000,000	342,868	(1,880,074)	90,924,265
Current portion of service concession obligation payable to MWSS (Note 10)	1,027,255	(922,731)	156,545	796,278	1,057,347
Noncurrent portion of service concession obligation payable to MWSS (Note 10)	6,294,526	–	23,843	(369,654)	5,948,715
Interest payable	1,051,763	(3,899,540)	(316,449)	4,240,151	1,075,925
Lease liabilities (Notes 2 and 21)	372,787	(142,160)	–	522,484	753,111
Dividends payable (Note 13)	3,642	(6,399,665)	–	6,400,000	3,977
Total liabilities from financing activities	₱92,397,509	₱(1,721,307)	₱206,807	₱11,565,508	₱102,448,517

*Other includes the effect of reclassification of non-current portion of interest-bearing loans and service concession obligation payable to current due to passage of time, accrual of dividends, amortization of debt issue cost, accretion on service concession obligation payable and addition to lease liabilities.

	January 1, 2024	Cash Flows	Foreign Exchange Movement	Other*	December 31, 2024
Short-term and current portion of interest-bearing loans (Note 11)	₱2,587,660	(₱2,565,306)	₱–	₱4,163,711	₱4,186,065
Noncurrent portion of interest-bearing loans (Note 11)	59,214,238	24,741,300	(402,978)	(4,091,089)	79,461,471
Current portion of service concession obligation payable to MWSS (Note 10)	874,561	(952,976)	(29,608)	1,135,278	1,027,255
Noncurrent portion of service concession obligation payable to MWSS (Note 10)	6,489,036	–	187,930	(382,440)	6,294,526
Interest payable	708,740	(4,025,270)	(336,502)	4,704,795	1,051,763
Lease liabilities (Notes 2 and 21)	436,438	(167,521)	–	103,870	372,787
Dividends payable (Note 13)	3,462	(5,654,209)	–	5,654,389	3,642
Total liabilities from financing activities	₱70,314,135	₱11,376,018	(₱581,158)	₱11,288,514	₱92,397,509

*Other includes the effect of reclassification of non-current portion of interest-bearing loans and service concession obligation payable to current due to passage of time, accrual of dividends, amortization of debt issue cost, accretion on service concession obligation payable and addition to lease liabilities.

27. Operating Segment Reporting

The Group has only one operating segment, which is the water and wastewater services, and its results of operations are reviewed by the chief operating decision maker to make decisions and to assess the Group's financial performance, and for which discrete financial information is available. The financial information that are required in relation to segment reporting are the same as those information already presented in these consolidated financial statements. In addition, the Group considers its concession agreement operating in West Zone Service Area of Metro Manila and Province of Cavite as one geographical location.

28. Events After the Reporting Period

On November 7, 2025, the Company completed its listing on the Philippine Stock Exchange (PSE) in compliance with the RCA. The ceremony was held at the PSE Events Hall in Bonifacio Global City, Taguig.

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES

(A Subsidiary of Maynilad Water Holding Company, Inc.)

INDEX TO THE SUPPLEMENTARY SCHEDULES

September 30, 2025

(Amounts in Thousands)

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MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES

(A Subsidiary of Maynilad Water Holding Company, Inc.)

SUPPLEMENTARY SCHEDULE ON BLUE BONDS

As Required by Revised Securities Regulation Code Rule 68, Annex 68-I

September 30, 2025

On July 12, 2024, the Parent Company issued its Blue Bonds in two (2) series – (i) Series A: 6.7092% 5-year fixed rate bonds due 2029 and (ii) Series B: 7.0931% 10-year fixed rate bonds due 2034. The bonds are payable on a quarterly basis.

I. Proceeds as disclosed in final prospectus

a. Gross	₱15,000,000,000
b. Net	₱14,819,864,845

II. Actual Proceeds

a. Gross	₱15,000,000,000
b. Net	₱14,814,323,474

III. Expenditure item where the proceeds were used

The year-to-date expenditures were used in water and wastewater projects.

IV. Balance of the proceeds as of September 30, 2025

I. Proceeds	
Net proceeds	₱14,814,323,474
II. Utilization:	
Water projects	3,911,196,712
Wastewater projects	3,734,656,161
Balance as of September 30, 2025	₱7,168,470,601

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES*(A Subsidiary of Maynilad Water Holding Company, Inc.)***Supplementary Schedules Required by Revised Securities Regulation Code Rule 68, Annex 68-J****September 30, 2025****Schedule A. Financial Assets**

Name of issuing entity and association of each issue	Amount shown in the statements of financial position	Income received and accrued
Cash and cash equivalents		
Total cash on hand and in banks	₱2,895,343	₱–
Total cash equivalents	3,529,699	54,079
	₱6,425,042	₱54,079

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)

Name and designation	Balance as at January 1, 2025	Additions	Deductions		Current	Noncurrent	Balance as at September 30, 2025
			Amount collected	Amount written off			
Not Applicable							

Schedule C. Amounts of Receivables from Related Parties which are Eliminated during Consolidation of Financial Statements

Name and designation	Balance as at January 1, 2025	Additions	Deductions		Current	Noncurrent	Balance as at September 30, 2025
			Amount collected	Amount written off			
Philippine Hydro pH, Inc.	₱475,496	₱112,840	(₱5,815)	₱–	₱–	₱–	₱582,521
Amayi Water Solutions, Inc.	239,206	877	(399)	–	–	–	239,684
	₱714,702	₱113,717	(₱6,214)	₱–	₱–	₱–	₱822,205

Schedule D. Long-Term Debt

Title of issue and type of obligation	Interest Rates	Principal Amount (in Original Currency)	Maturity	Interest Periodic Payments	Principal Periodic Payments	Current Portion of Long-term debt (in PHP)	Noncurrent Portion of Long-term debt (in PHP)	Total Long-term debt (in PHP)
₱18.5 billion Corporate Notes								
1 st drawdown Fixed Corporate Notes – 7Y	6.7028%		March 23, 2025					
1 st drawdown Fixed Corporate Notes – 10Y	6.8911%	₱18,500,000	March 23, 2028	Semi-annual	Semi-annual	₱123,210	₱15,602,715	₱15,725,925
1 st drawdown Fixed Corporate Notes – 15Y	6.5569%		March 23, 2033					
2 nd drawdown Fixed Corporate Notes – 7Y	6.8337%		March 23, 2025					
2 nd drawdown Fixed Corporate Notes – 10Y	6.9072%		March 23, 2028					
2 nd drawdown Fixed Corporate Notes – 15Y	6.6144%		March 23, 2033					
₱15.0 billion Blue Bonds		₱15,000,000		Quarterly	Quarterly	–	15,000,000	15,000,000
Series A – 5Y	6.709%		July 12, 2029					
Series B – 10Y	7.093%		July 12, 2034					
₱10.0 billion Term Loan Facility (MBTC)	6.4959%				Semi-annual (Starting September 25, 2025)	125,000	9,812,500	9,937,500
₱10.0 billion Term Loan Facility (BPI)		₱10,000,000	March 20, 2034	Semi-annual	Semi-annual (Starting November 11, 2024)	125,000	9,750,000	9,875,000
1 st drawdown	6.4059%							
2 nd drawdown	7.006%							
₱6.0 billion Term Loan Facility (BDO)	7.1581%	₱6,000,000	November 17, 2032	Semi-annual	Semi-annual (Starting May 17, 2024)	75,000	5,812,500	5,887,500
₱6.0 billion Term Loan Facility (LBP)	5.4992%	₱6,000,000	August 12, 2037	Semi-annual	Semi-annual	300,000	4,800,000	5,100,000
₱5.0 billion Term Loan Facility (LBP)	6.5963%	₱5,000,000	December 14, 2033	Semi-annual	Semi-annual (Starting June 14, 2025)	62,500	4,906,250	4,968,750
(Forward)								
Title of issue and type of obligation	Interest Rates	Principal Amount (in	Maturity	Interest Periodic Payments	Principal Periodic Payments	Current Portion of	Noncurrent Portion of Long-	Total Long-term debt (in PHP)

		Original Currency)				Long-term debt (in PHP)	term debt (in PHP)	
¥13.1 billion Facility Loan (JICA)	0.900%	¥13,049,000	October 10, 2034	Semi-annual	Semi-annual (Starting October 10, 2022)	475,155	4,038,820	4,513,975
₱4.0 billion Term Loan Facility (LBP)	7.0036%	₱4,000,000	November 10, 2032	Semi-annual	Semi-annual (Starting May 10, 2024)	50,000	3,875,000	3,925,000
₱4.8 billion Corporate Notes (DBP)	6.00%	₱4,770,000	March 24, 2035	Semi-annual	Semi-annual (Starting September 24, 2020)	318,000	2,703,000	3,021,000
₱5.0 billion Term Loan Facility (BDO)	5.00%	₱5,000,000	November 29, 2039	Semi-annual	Semi-annual (Starting May 29, 2021)	555,556	1,944,444	2,500,000
¥7.9 billion Facility Loan (JCB)								
1 st drawdown Mizuho Bank, Ltd	1.2200%							
1 st drawdown MUFG Bank	1.2200%							
1 st drawdown Sumimoto Banking Corp	1.2300%	¥7,900,000	June 7, 2027	Semi-annual	Semi-annual (Starting June 7, 2020)	411,537	411,537	823,075
2 nd drawdown Mizuho Bank, Ltd.	1.2200%							
2 nd drawdown MUFG Bank	1.2200%							
2 nd drawdown Sumimoto Banking Corp.	1.2200%							
Peso-denominated Bank Loan (BPI)	6.2528%	₱2,500,000	March 12, 2035	Semi-annual	Semi-annual (Starting September 15, 2025)	15,625	2,484,375	2,500,000
Peso-denominated Bank Loan (LBP)	6.2279%	₱2,500,000	March 20, 2035	Semi-annual	Semi-annual (Starting September 20, 2025)	15,625	2,484,375	2,500,000
Peso-denominated Bank Loan (LBP)	6.1868%	₱4,000,000	March 20, 2035	Semi-annual	Semi-annual (Starting September 15, 2025)	—	4,000,000	4,000,000
Peso-denominated Bank Loan (BPI)	6.2225%	₱4,000,000	July 13, 2035	Semi-annual	Semi-annual (Starting January 14, 2027)	25,000	3,975,000	4,000,000
						₱2,677,208	₱91,600,517	₱94,277,725

Schedule E. Indebtedness to Related Parties

Name of related party	Balance at January 1, 2025	Balance at September 30, 2025
Not Applicable		

Schedule F. Guarantees of Securities and Other Issuers

Name of issuing entity of Securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which the statement is filed	Nature of guarantee
Not Applicable				

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock Maynilad Water Services, Inc.	9,093,964,000	5,612,627,500	71,100,000	296,178,211	17,415,000	–
Philippine Hydro (pH), Inc.	2,500,000	2,500,000	–	–	5	–
Amayi Water Solutions, Inc.	500,000	31,250	–	–	5	–

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES
(A Subsidiary of Maynilad Water Holding Company, Inc.)

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
September 30, 2025

Ratio	Formula	September 30, 2025	December 31, 2024
Current Ratio	Total Current Assets divided by Total Current Liabilities <div> Total Current Assets 14,019,874 Divided by: Total Current Liabilities 33,066,947 <hr/> Current Ratio 0.42 </div>	0.42	0.56
Asset-to-Equity Ratio	Total Assets divided by Total Equity <div> Total Assets 216,969,814 Divided by: Total Equity 80,502,626 <hr/> Asset-to-Equity Ratio 2.70 </div>	2.70	2.60
Debt-to-Equity Ratio	Total Debt divided by Total Equity <div> Total Debt 136,467,188 Divided by: Total Equity 80,502,626 <hr/> Debt-to-Equity Ratio 1.70 </div>	1.70	1.60
Return on Equity	Net Income divided by Average Total Equity <div> Net Income 11,411,591 Divided by: Average Total Equity 77,928,788 <hr/> Return on Equity 0.15 </div>	0.15	0.04
Return on Assets	Net Income divided by Average Total Assets <div> Net Income 11,411,591 Divided by: Average Total Assets 207,570,214 <hr/> Return on Assets 0.05 </div>	0.05	0.02
EBITDA Margin	Earnings Before Interest, Tax and Depreciation and Amortization divided by Total Revenue <div> Earnings Before Interest, Tax and Depreciation and Amortization 19,141,573 Divided by: Total Revenue 27,653,305 <hr/> EBITDA Margin 0.69 </div>	0.69	0.67
Net Profit Margin	Net Income divided by Total Revenue <div> Net Income 11,411,591 Divided by: Total Revenue 27,653,305 <hr/> Net Profit Margin 0.41 </div>	0.41	0.38

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES*(A Subsidiary of Maynilad Water Holding Company, Inc.)***SCHEDULE OF RECONCILIATION OF****RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION****Amounts in Thousands****September 30, 2025**

The Company's Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is prepared in accordance with Philippine Securities and Exchange Commission (SEC) issued Memorandum Circular No. 16 series of 2023 on September 19, 2023.

The table below presents the retained earnings available for dividend declaration as at September 30, 2025:

Unappropriated retained earnings as at December 31, 2024 **₱22,259,957**

Add: Category A: Items that are directly credited to Unappropriated Retained**Earnings****Retained Earnings**

Reversal of Retained Earnings Appropriation/s	—	
Effect of restatements or prior-period adjustments	—	
Accumulated beginning deferred tax assets (DTA), exclusive of deferred tax recognized in OCI	483,254	483,254

Less: Category B: Items that are directly debited to Unappropriated Retained**Earnings**

Dividend declaration during the reporting period	6,400,000	
Retained Earnings appropriated during the reporting period	—	
Effect of restatements or prior-period adjustments	—	
Others:		
Treasury shares, beginning	960,555	7,360,555

Unappropriated retained earnings, as adjusted, as at September 30, 2025**15,382,656****Add/Less: Net income (loss) for the current year****11,411,591****Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)**

Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(3,098)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	—	
Subtotal		(3,098)

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)

Realized foreign exchange gain, except those attributable to Cash and cash equivalents	1,878	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	—	
Subtotal		1,878

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P6,743
Reversal of previously recorded fair value adjustment (mark-to market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Reversal of previously recorded fair value gain of Investment Property	—
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	—
Subtotal	6,743

Adjusted Net Income

11,417,114

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	—
Subtotal	—

Add/(Less): Category E: Adjustments related to relief granted by the SEC and BSP

Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others (describe nature)	—
Subtotal	—

Add/(Less): Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution

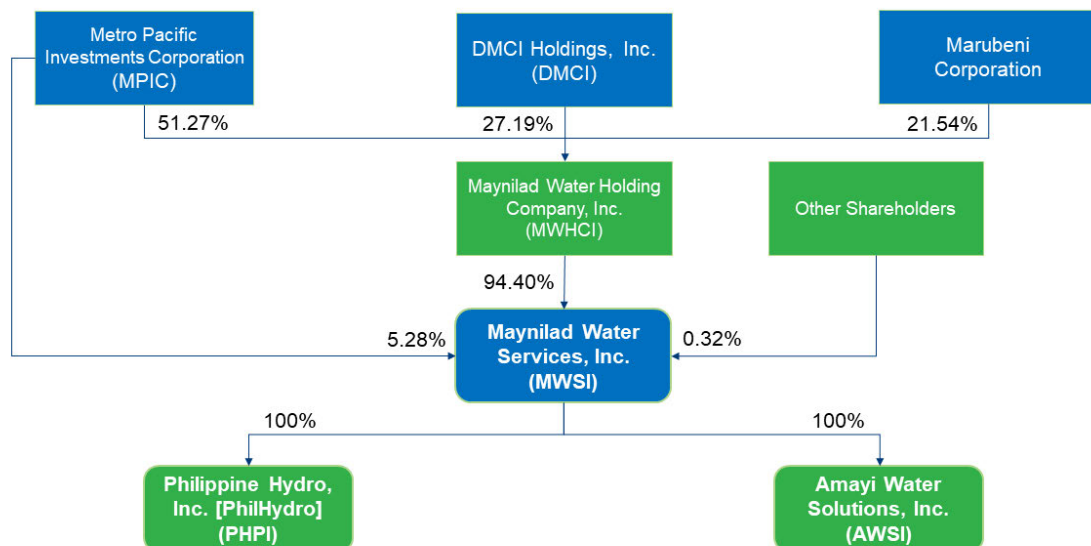
Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	27,204
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(459,857)
Adjustment due to deviation from PFRS/GAAP - gain (loss)	—
Others (describe nature)	—
Subtotal	(432,653)

Unappropriated retained earnings as at September 30, 2025 available for dividend declaration

P10,984,461

MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES
(A Subsidiary of Maynilad Water Holding Company, Inc.)

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
September 30, 2025



PART I--FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Nine months period ended 30 September 2025 compared against the same period ended 30 September 2024

Revenues

Total Revenues, which is primarily comprised of revenues from water and wastewater services, grew by ₱2,408.0 million or 9.5% to ₱27,653.3 million for the period ended 30 September 2025 compared to ₱25,245.3 million for the period ended 30 September 2024. The growth was mainly driven by the third tranche of the staggered implementation of the MWSS-approved basic rate adjustment effective January 1, 2025, and the noted increase in water consumption in West Cavite and Manila, including additional consumption from newly connected customers. In addition, the Environmental Charge (EC) was raised from 20% to 25%, representing a 5% increase in the EC component. These adjustments collectively contributed to the overall increase in revenues from both water and wastewater services. The increase, however, was partially offset by the decrease in billed volume.

<i>In Php000s</i>	For the periods ended 30 September		Increase (Decrease)		% of Total Revenues	
	2025	2024	Amount	%	2025	2024
OPERATING REVENUE						
Water services						
West zone	21,545,277	13,380,979	8,164,297	61.0%	77.9%	53.0%
Outside west zone	282,943	7,334,637	(7,051,694)	(96.1%)	1.0%	29.1%
Wastewater services						
West zone	5,654,892	4,357,249	1,297,642	29.8%	20.4%	17.3%
Others	170,194	172,457	(2,262)	(1.3%)	0.6%	0.7%
	27,653,305	25,245,323	2,407,983	9.5%	100.0%	100.0%

As to billed volume generated to customers reached 411.93 million cubic meters (mcm) for the 9-month period ended 30 September 2025 or a decrease of 4.61 mcm, or 1.1% compared to 416.54 mcm for the same period ended 30 September 2024. Billed volume declined by 1%, attributed to reduced industrial consumption, and effect of government restrictions on Philippine Offshore Gaming Operators (POGO) businesses and the transfer or closure of several large commercial accounts in the West Zone.

Billed volume (mcm)	Actual YTD Sep-25	Actual YTD Sep-24	Vs. Last Year	
			mcm	%
Domestic	338.12	339.68	(1.56)	(0.5%)
Non-Domestic	73.81	76.85	(3.04)	(4.0%)
Total	411.93	416.54	(4.61)	(1.1%)

On the other hand, water supply in mcm was 643.41 for the 9-month period ended 30 September 2025 or a decrease of 54.28 mcm, or 7.8% compared to 697.69 mcm for the same period ended 30 September 2024.

The average all-in tariff per cubic meter (cm) is ₱ 63.69 for the period-ended 30 September 2025, compared to ₱57.61 for the same period-ended 30 September 2024. While average cash cost per cm is ₱18.32 in 30 September 2025 or ₱0.56 higher than 30 September 2024 at ₱17.76 or 3.16% increase.

Operational Indicators	Actual AO Sep-25	Actual AO Sep-24	Vs. Last Year	
			mcm	%
Water Supply (mcm)	643.41	697.69	(54.28)	(7.78%)
Water Billed Volume (mcm)	411.93	416.54	(4.61)	(1.11%)
% Water Billed to Supply	76.14%	72.57%	3.57%	4.92%
Non-Revenue Water (%) DMA	23.86%	27.43%	(3.57%)	(13.01%)
Non-Revenue Water (%) Total	35.9%	40.27%	(4.37%)	(10.85%)
Billed Water Services	1,561,353	1,541,004	20,349	1.32%
Average CM per day	0.97	0.99	(0.02)	(2.37%)

Costs and Expenses

Consolidated costs and expenses increased by ₱148.8 million or 2.0% to ₱7,547.4 million for the period ended 30 September 2025 compared to ₱7,398.6 million for the period ended 30 September 2024.

<i>In Php000s</i>	For the periods ended 30 September		Increase (Decrease)		% of Total Revenues	
	2025	2024	Amount	%	2025	2024
COSTS AND EXPENSES						
Personnel Cost	2,247,053	2,006,290	240,763	12.0%	8.1%	7.9%
Light & Power	931,750	984,282	(52,532)	(5.3%)	3.4%	3.9%
Water Treatment Chemicals	406,491	650,743	(244,252)	(37.5%)	1.5%	2.6%
Outside Services	961,808	810,623	151,185	18.7%	3.5%	3.2%
Repairs & Maintenance	541,162	517,971	23,193	4.5%	2.0%	2.1%
Purchased water	211,774	252,318	(40,544)	(16.1%)	0.8%	1.0%
Real estate tax	48,417	61,945	(13,528)	(21.8%)	0.2%	0.2%
Franchise Tax	545,027	492,855	52,172	10.6%	2.0%	2.0%
Local Franchise/Business Tax	167,348	186,381	(19,033)	(10.2%)	0.6%	0.7%
Representation and Entertainment	115,494	104,506	10,988	10.5%	0.4%	0.4%
Transportation/Fuel & Oil	70,730	118,338	(47,608)	(40.2%)	0.3%	0.5%
MWSS MOE	226,562	210,661	15,901	7.5%	0.8%	0.8%
Others	1,073,824	1,001,689	72,136	7.2%	3.9%	4.0%
	7,547,441	7,398,603	148,838	2.0%	27.3%	29.3%

Personnel cost includes salaries, wages, and benefits increased by ₱240.8 million, or 12.0% to ₱2,247.1 million for the period ended 30 September 2025, compared to ₱2,006.3 million for the period ended 30 September 2024. The difference was mainly attributable to higher salaries and wages, increased employee benefits, additional retirement expenses based on the latest actuarial valuation report (AVR), and higher employer contributions driven by the increase in headcount in 2025.

Light and power decreased by ₱52.5 million, or 5.3%, to ₱931.8 million for the period ended 30 September 2025, compared to ₱984.3 million for the period ended 30 September 2024. The reduction was primarily due to lower water production for the period and lower rate per kilowatt-hour as a result of the enrolment to the Retail Aggregation Program (RAP) of the Energy Regulatory Commission through Meralco that allows businesses to have access to more reasonable energy costs by negotiating better rates as a larger group by meeting certain consumption thresholds.

Water treatment chemicals expenses decreased by ₱244.3 million, or 37.5%, to ₱406.5 million for the period ended 30 September 2025, compared to ₱650.7 million for the period ended 30 September 2024. The decrease is driven by reduced chemical consumption for 2025 due to lower turbidity and decreased production for 2025.

Expenses for outsourced services increased by ₱151.2 million, or 18.7%, to ₱961.8 million for the period ended 30 September 2025, compared to ₱810.6 million for the period ended 30 September 2024. This was driven by the increase in support for valving and data logging activities onsite, which resulted from the expansion to additional service locations and higher service rates. The rise in desludging charges for WMD collection and transport likewise contributed to the overall increase.

The cost of repairs and maintenance increased by ₱23.2 million, or 4.5%, to ₱541.2 million for the period ended 30 September 2025, compared to ₱518.0 million for the period ended 30 September 2024. The movement was due to accruals of spares and consumable materials with actual deliveries which were used for regular preventive maintenance (PM) and higher number of PM activities carried out in 2025, such as calibration, lubrication, load testing, cleaning, servicing of machine and equipment and others.

Purchased water costs decreased by ₱40.5 million, or 16.1%, to ₱211.8 million for the period ended 30 September 2025, compared to ₱252.3 million for the period ended 30 September 2024. This decrease was primarily due to lower rate and volume of purchased water in the first nine months of 2025 compared to the same period in 2024.

Taxes and licenses, which includes real estate tax, franchise tax and local business taxes. This account increased by ₱19.6 million, or 2.6%, to ₱760.8 million for the period ended 30 September 2025, compared to ₱741.2 million for

the period ended 30 September 2024. The increase was primarily due to the ₱52 million rise in franchise tax, which was driven by higher revenue generated during the year.

Expenses for business meetings and representations increased by ₱11.0 million, or 10.5%, to ₱115.5 million for the period ended 30 September 2025, compared to ₱104.5 million for the period ended 30 September 2024. The increase was due to heightened coordination activities with stakeholders, regulatory bodies, and partner organizations.

Transportation and travel decreased by ₱47.6 million, or 40.2%, to ₱70.7 million for the period ended 30 September 2025, compared to ₱118.3 million for the period ended 30 September 2024. The decrease was primarily due to lower fuel consumption and true-up of accrual for genset, net of increase in travel charges related to IPO activity.

MWSS MOE represents Maynilad's share on the maintenance and operating expenses (MOE) of MWSS. Expenses increased in 2025 by ₱15.9 million, or 7.5%, to ₱226.6 million for the period ended 30 September 2025, compared to ₱210.7 million for the period ended 30 September 2024. The increase was primarily due to the changes in the Consumer Price Index (CPI) for the current period.

Other expenses went up by ₱72.1 million, or 7.2%, to ₱1,073.8 million for the period ended 30 September 2025, compared to ₱1,001.7 million for the period ended 30 September 2024. The increase in other expenses was primarily attributable to a non-recurring initiative focused on the cleaning and upkeep of facilities, as well as higher spending on advertising and promotional activities supporting water-related advocacy programs.

Income before Other Income (Expenses)

With the foregoing, income before other income (expenses) increased by ₱2,259.1 million, or 12.7%, to ₱20,105.9 million for the period ended 30 September 2025, compared to ₱17,846.7 million for the period ended 30 September 2024.

<i>In Php000s</i>	For the periods ended 30 September		Increase (Decrease)		% of Total Revenues	
	2025	2024	Amount	%	2025	2024
OPERATING REVENUE	27,653,305	25,245,323	2,407,983	9.5%	100.0%	100.0%
COSTS AND EXPENSES	7,547,441	7,398,603	148,838	2.0%	27.3%	29.3%
INCOME BEFORE OTHER INCOME (EXPENSES)	20,105,864	17,846,719	2,259,145	12.7%	72.7%	70.7%

Other Income (Expenses)

<i>In Php000s</i>	For the periods ended 30 September		Increase (Decrease)		% of Total Revenues	
	2025	2024	Amount	%	2025	2024
OTHER INCOME (EXPENSES)						
Interest Expense on loans	(1,237,759)	(1,313,248)	75,489	(5.7%)	(4.5%)	(5.2%)
Interest Accretion on CF	(492,918)	(514,137)	21,220	(4.1%)	(1.8%)	(2.0%)
Other - net	(646,434)	(911,568)	265,135	(29.1%)	(2.3%)	(3.6%)
Taxes	(3,385,173)	(2,837,596)	(547,576)	19.3%	(12.2%)	(11.2%)
SCA Amortization - ConFee	(323,687)	(321,144)	(2,543)	0.8%	(1.2%)	(1.3%)
SCA Amortization - PPE	(1,987,418)	(1,883,573)	(103,845)	5.5%	(7.2%)	(7.5%)
Others	(620,885)	(399,049)	(221,835)	55.6%	(2.2%)	(1.6%)
	(8,694,273)	(8,180,315)	(513,958)	6.3%	(31.4%)	(32.4%)

The increase in taxes as of September 30, 2025, was mainly due to higher current income tax expense for the year, resulting from higher revenue.

Interest expense is net of the portion capitalized including the general borrowing cost which explains the lower charges on 30 September 2025. There was an increase in the capital expenditures during the period compared to the same period on 30 September 2024.

Others – net – net decrease by ₱265.1 million, or 29.1%, to ₱646.4 million expenses for the period ended 30 September 2025, compared to ₱911.6 million income for the period ended 30 September 2024. The difference was due to penalties paid in 2024, no penalties incurred in 2025, and lower provisions for the year 2025.

Net Income and EBITDA

In Php000s	For the periods ended 30 September		Increase (Decrease)		% of Total Revenues	
	2025	2024	Amount	%	2025	2024
Net Income	11,411,591	9,666,404	1,745,187	18.1%	41.3%	38.3%
EBITDA	19,141,573	16,664,175	2,477,399	14.9%	69.2%	66.0%

With the foregoing, net income increased by ₱1,745.2 million, or 18.1%, to ₱11,411.6 million for the period ended 30 September 2025, compared to ₱9,666.4 million for the period ended 30 September 2024.

Interim Cash Position (ICP)

Following the conclusion of a Rate Rebasing exercise in which the Opening Cash Position (“OCP”) is determined, we continue to implement the plans and programs under the approved business plan. In the course of doing so, we recognize Receipts and incur Expenditures for each year of the applicable Rate Rebasing Period. The net effect of these Receipts and Expenditures is added to or deducted from the OCP, resulting in the annual Interim Cash Position (“ICP”).

The ICP represents our internal computation of the updated OCP for the relevant periods, using our audited financial statements and reflecting differences between Philippine Financial Reporting Standards and regulatory accounting. The ICP accrues at the Appropriate Discount Rate of 12% fixed nominal rate of return, as provided under the Revised Concession Agreement (“RCA”). The ICP is an indicative figure and remains subject to review, validation, and final determination by the MWSS-Regulatory Office (“MWSS-RO”) in the next Rate Rebasing exercise. Differences between statutory and regulatory accounting methodologies may result in variances between the ICP and the OCP ultimately confirmed by the MWSS-RO.

As of September 30, 2025, the ICP increased to negative ₱162.0 billion. This movement reflects the level of water and wastewater investments undertaken during the period—capital expenditures of ₱18.6 billion, cash operating expenses of ₱7.9 billion, and concession fee payments of ₱1.1 billion—incurred in connection with our service obligations within the West Zone. The accrual of ₱17.4 billion from applying the Appropriate Discount Rate further contributed to the change in the ICP.

Overall, this movement in the ICP primarily reflects the timing and magnitude of expenditures efficiently and prudently incurred to support ongoing delivery of water and wastewater services in accordance with the RCA. The ICP does not represent an approved regulatory asset or guaranteed recovery. The OCP, on the other hand, remains subject to an independent final review and determination by the MWSS-RO in the next Rate Rebasing exercise.

(in PhP millions)	2023	2024	9M 2025
Interim Cash Position (Beginning of the Year)	-100,354.5	-124,765.8	-144,465.1
Free Cash Flows	-11,043.5	-4,220.9	-189.0
Appropriate Discount Rate (12%)	-13,367.8	-15,478.4	-17,358.5
Interim Cash Position (End of the Year)	-124,765.8	-144,465.1	-162,012.6

FINANCIAL POSITION

As of 30 September 2025 compared against as of 31 December 2024

Assets

<i>In Php000s</i>	September 30 2025	December 31 2024	Increase (Decrease)		% of Total Revenues	
			Amount	%	2025	2024
ASSETS						
Current Assets						
Cash and cash equivalents	6,425,042	10,519,541	(4,094,499)	(38.9%)	23.2%	41.7%
Trade and other receivables	3,213,031	2,722,872	490,159	18.0%	11.6%	10.8%
Contract assets	1,664,250	1,386,458	277,791	20.0%	6.0%	5.5%
Other current assets	2,717,551	2,130,695	586,857	27.5%	9.8%	8.4%
Total Current Assets	14,019,874	16,759,566	(2,739,693)	(16.3%)	50.7%	66.4%
Noncurrent Assets						
Service concession assets	189,300,653	168,339,382	20,961,272	12.5%	684.5%	666.8%
Property and equipment	2,326,962	1,963,230	363,732	18.5%	8.4%	7.8%
Financial asset at fair value through OCI	124,864	124,864	-	0.0%	0.5%	0.5%
Other noncurrent assets	11,197,461	10,983,572	213,889	1.9%	40.5%	43.5%
Total Noncurrent Assets	202,949,940	181,411,048	21,538,892	11.9%	733.9%	718.6%
	216,969,814	198,170,614	18,799,199	9.5%	784.6%	785.0%

Cash and cash equivalents were at ₱6,425.0 million as at 30 September 2025, a decrease by ₱4,094.5 million, or 38.9%, from cash and cash equivalents of ₱10,519.5 million as at 31 December 2024. The significant drop in cash balances is mainly due to major disbursements during the first three quarters of the year, including dividend payouts in March 2025, loan repayments, and monthly capital expenditure disbursements.

Service concession assets increased by ₱20,961.3 million or 12.5%, to ₱189,300.7 million as at 30 September 2025, compared to ₱168,339.4 million as at 31 December 2024. The increase is mainly attributable to (i) additional payment of concession fees related to an existing MWSS project, which is capitalized as a service concession asset, and (ii) an increase in completed projects as of September 30, 2025.

Liabilities

<i>In Php000s</i>	September 30 2025	December 31 2024	Increase (Decrease)		% of Total Revenues	
			Amount	%	2025	2024
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	28,325,807	24,157,077	4,168,730	17.3%	102.4%	95.7%
Short-term and current portion of interest-bearing loan	2,685,177	4,186,065	(1,500,889)	(35.9%)	9.7%	16.6%
Current portion of service concession obligation payable to MWSS	1,057,847	1,027,255	30,593	3.0%	3.8%	4.1%
Income tax payable	998,117	787,944	210,172	26.7%	3.6%	3.1%
Total Current Liabilities	33,066,947	30,158,341	2,908,606	9.6%	119.6%	119.5%
Noncurrent Liabilities						
Interest-bearing loans - net of current portion	90,924,265	79,461,471	11,462,794	14.4%	328.8%	314.8%
Service concession obligation payable to MWSS - net of current portion	5,957,964	6,294,526	(336,563)	(5.3%)	21.5%	24.9%
Deferred tax liabilities - net	2,163,611	1,737,595	426,016	24.5%	7.8%	6.9%
Deferred credits	894,161	1,379,554	(485,393)	(35.2%)	3.2%	5.5%
Customers' deposits	657,140	605,611	51,529	8.5%	2.4%	2.4%
Pension liability	677,899	870,805	(192,906)	(22.2%)	2.5%	3.4%
Other noncurrent liabilities	2,125,201	2,307,761	(182,560)	(7.9%)	7.7%	9.1%
Total Noncurrent Liabilities	103,400,241	92,657,323	10,742,919	11.6%	373.9%	367.0%
Total Liabilities	136,467,188	122,815,664	13,651,524	11.1%	493.5%	486.5%

Trade and other payables were at ₱28,325.8 million as at 30 September 2025, an increase of ₱4,168.7 million, or 17.3%, from trade and other payables of ₱24,157.1 million as at 31 December 2024. The increase was primarily due to higher billings and accruals in construction and payables arising from purchase orders needed in operations consistent with the planned capex spending.

Total interest-bearing loans while shown separately (Short-term and current portion of interest-bearing loans, and Interest-bearing loans - net of current portion) were at ₱93,609.4 million as at 30 September 2025, an increase by ₱9,961.9 million, or 11.9%, compared to the balance as of ₱83,647.5 million as at 31 December 2024. The significant increase was primarily due to additional interest-bearing loans totaling ₱13 billion, obtained from the Bank of the Philippine Islands and the Land Bank of the Philippines, with each facility amounting to ₱6.5 billion during the period ended September 30, 2025.

Deferred tax liabilities – net was at ₱2,163.6 million as at 30 September 2025, an increase by ₱426.0 million, or 24.5%, from deferred tax liabilities of ₱1,737.6 million as at 31 December 2024. The increase relates to the additional accrual of certain deferred income tax items, partially offset by reversals of similar items as of September 30, 2025.

Deferred credits were at ₱894.2 million as at 30 September 2025, a decrease by ₱485.4 million, or 35.2%, from deferred credits of ₱1,379.6 million as at 31 December 2024. Deferred credits presented herein refer to the net effect of unrealized foreign exchange gains on service concession obligation payable to MWSS, and restatement of foreign currency-denominated interest-bearing loans and related interest that will be refunded to the customers. The decrease was net of fluctuations in the Japanese Yen and U.S. Dollar conversion rates to Philippine peso, which were 0.393 and 0.391 for the Japanese Yen, and 57.845 and 58.196 for the U.S. Dollar as at 31 December 2024 and 30 September 2025, respectively.

Other noncurrent liabilities were ₱2,125.2 million as at 30 September 2025, a decrease by ₱182.6 million, or 7.9%, from other noncurrent liabilities of ₱2,307.8 million as at 31 December 2024. The decrease was mainly attributed to the reclassification of the accrual for MWSI's Long-Term Incentive Program (LTIP) from non-current to current.

Equity

	September 30 2025	December 31 2024	Increase (Decrease)		% of Total Revenues	
<i>In Php000s</i>			Amount	%	2025	2024
Equity						
Capital stock	5,683,728	5,683,728	-	0.0%	20.6%	22.5%
Other components of equity	8,289,060	8,152,976	136,083	1.7%	30.0%	32.3%
Retained earnings (deficit)	66,529,839	61,518,247	5,011,591	8.1%	240.6%	243.7%
Total Equity	80,502,626	75,354,950	5,147,675	6.8%	291.1%	298.5%

Retained earnings were at ₱66,529.8 million as at 30 September 2025, an increase of ₱5,011.6 million, or 8.1% from retained earnings of ₱61,518.2 million as at 31 December 2024. The net increase was mainly attributed to the net income recognized by the Corporation for the period-ended 30 September 2025, partially offset by the dividends declared and paid amounting to ₱6,400.0 million in 2025. The retained earnings - appropriated of ₱40,549.0 million, on the other hand, remains unchanged as the projects which are intended to be financed by the appropriations are still ongoing as at 30 September 2025.