MAYNILAD

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 1108 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, 2026, 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, 2026, is true and correct to the best of my knowledge;

3. I am executing this certification this 4th of November 2026 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.

[redacted]

RICARDO F. DE LOS REYES
Chief Finance Officer

COVER SHEET

for

SEC FORM 17-Q

SEC Registration Number

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COMPANY NAME

M	A	Y	N	I	L	A	D		W	A	T	E	R		S	E	R	V	I	C	E	S	,		I	N	C	.	
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	o	f		M	a	y	n	i	l	a	d		W	a	t	e	r		H	o	l	d	i	n	g		C	o	m
p	a	n	y	,		I	n	c	.	)																				

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

M	a	y	n	i	l	a	d		B	u	i	l	d	i	n	g	,		M	W	S	S		C	o	m	p	l	e
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Form Type	Department requiring the report	Secondary License Type, if Applicable
1 7 - Q	S E C	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corpsec@mayniladwater.com.ph	8981-3333	09985305923

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
35	4th Tuesday of April	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Ricardo F. de los Reyes	Ricardo.delosReyes@ mayniladwater.com.ph	8981-3310	–

CONTACT PERSON's ADDRESS

Maynilad Building, MWSS Complex, Katipunan Avenue, Pansol, 1108 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, 2026**

2. SEC identification number: **A1996-11651**

3. BIR Tax Identification No.: **005-393-442-000**

   Exact name of issuer as specified in its charter: **MAYNILAD WATER SERVICES, INC.**

4. Province, country or other jurisdiction of incorporation or organization: **Quezon City, Philippines**

5. Industry Classification Code: [ ] (SEC Use Only)

6. Address of issuer's principal office: **Maynilad Building, MWSS Complex, Katipunan Avenue, Pansol, Quezon City**

7. Postal code: **1108**

8. Issuer's telephone number, including area code: **(+632) 8981-3333**

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

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

Title of Each Class	Number of Common Stock Outstanding or Amount of Debt Outstanding
Common shares	**7,402,603,600**
Series A Blue Bonds Due 2029	**₱9,000,000,000.00**
Series B Blue Bonds Due 2034	**₱6,000,000,000.00**

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

    Yes [x] No [ ]

12. 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 2026 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 2026 Management's Discussion and Analysis of the Financial Condition and Results of Operations.

PART II--OTHER INFORMATION

None.

SIGNATURES

Issuer **MAYNILAD WATER SERVICES, INC.**

[redacted]

RICARDO F. DE LOS REYES
Chief Finance Officer

Date: November 4, 2026

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, 2026 (Unaudited) and December 31, 2025 (Audited)

and

For the Nine Months Ended September 30, 2026 (Unaudited) and 2025 (Unaudited)

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

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	Unaudited As of September 30, 2026	Audited As of December 31, 2025
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 23 and 24)	**₱20,927,239**	₱26,792,759
Trade and other receivables (Notes 3, 5, 14, 23 and 24)	**3,344,323**	3,121,557
Contract assets (Notes 7, 14, 23 and 24)	**1,685,418**	1,546,060
Other current assets (Notes 6, 14, 23 and 24)	**1,849,725**	2,235,572
Total Current Assets	**27,806,705**	33,695,948
Noncurrent Assets		
Service concession assets (Notes 3, 7, 10, 11, 15 and 21)	**222,709,934**	200,373,499
Property and equipment (Notes 3 and 8)	**2,681,360**	2,530,754
Financial asset at fair value through other comprehensive income (Notes 9, 23 and 24)	**210,583**	210,583
Other noncurrent assets (Notes 3, 5, 6, 14, 21, 23 and 24)	**8,941,695**	10,549,471
Total Noncurrent Assets	**234,543,572**	213,664,307
Total Assets	**₱262,350,277**	₱247,360,255
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 3, 12, 14, 15, 22, 23 and 24)	**₱29,248,922**	₱29,035,755
Short-term and current portion of interest-bearing loans (Notes 7, 11, 23 and 24)	**2,828,721**	2,642,939
Current portion of service concession obligation payable to MWSS (Notes 7, 10, 23 and 24)	**1,571,662**	1,472,856
Income tax payable	**921,952**	911,038
Total Current Liabilities	**34,571,257**	34,062,588
Noncurrent Liabilities		
Interest-bearing loans - net of current portion (Notes 7, 11, 23 and 24)	**100,465,552**	89,914,700
Service concession obligation payable to MWSS - net of current portion (Notes 7, 10, 23 and 24)	**6,616,586**	6,922,708
Deferred tax liabilities - net (Note 16)	**2,504,902**	2,334,142
Deferred credits (Note 3)	**668,395**	1,240,613
Retirement liability (Note 3)	**418,554**	424,751
Customers' deposits (Notes 23 and 24)	**716,164**	669,983
Other noncurrent liabilities (Notes 2 and 14)	**2,484,457**	2,023,333
Total Noncurrent Liabilities	**113,874,610**	103,530,230
Total Liabilities	**₱148,445,867**	₱137,592,818

(Forward)

	Unaudited As of September 30, 2026	Audited As of December 31, 2025
Equity		
Capital stock (Notes 1 and 13)	**₱7,617,997**	₱7,617,997
Additional paid-in capital (Note 13)	**35,555,863**	35,555,863
Treasury shares (Note 13)	**(3,115,230)**	(3,115,230)
Other comprehensive income (loss) (Note 9)	**(319,593)**	(319,485)
Other equity adjustments (Note 13)	**(309,220)**	(309,220)
Retained earnings (Note 13)		
Unappropriated	**33,738,373**	29,601,292
Appropriated	**40,736,220**	40,736,220
Total Equity	**113,904,410**	109,767,437
Total Liabilities and Equity	**₱262,350,277**	₱247,360,255

See accompanying Notes to Consolidated Financial Statements.

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

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2026 AND 2025
(Amounts in Thousands, Except Earnings per Share Value)

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	**2026**	2025
OPERATING REVENUE (Note 14)				
Water services				
West zone	**₱7,405,146**	₱7,240,035	**₱22,309,899**	₱21,545,277
Outside west zone	**82,960**	106,022	**247,946**	282,942
Wastewater services				
West zone	**1,949,272**	1,897,720	**5,874,316**	5,654,892
Others	**63,518**	57,495	**181,250**	170,194
	9,500,896	9,301,272	**28,613,411**	27,653,305
COSTS AND EXPENSES				
Amortization of service concession assets (Notes 3 and 7)	**1,104,175**	785,898	**3,168,274**	2,311,105
Salaries, wages and benefits (Notes 3 and 15)	**773,396**	736,325	**2,363,855**	2,249,015
Utilities	**595,492**	404,353	**1,408,745**	1,142,025
Contracted services	**504,782**	399,750	**1,353,292**	1,125,100
Materials and supplies	**449,152**	157,433	**855,655**	442,054
Taxes and licenses	**277,892**	270,178	**833,939**	819,929
Repairs and maintenance	**240,750**	114,884	**659,242**	578,069
Depreciation and amortization (Notes 3, 8 and 21)	**169,601**	148,848	**495,939**	431,447
Regulatory costs	**78,659**	75,521	**235,280**	226,562
Transportation and travel	**66,183**	40,517	**160,344**	101,834
Business meetings and representations	**49,480**	43,626	**156,131**	132,857
Rental (Notes 21 and 22)	**48,820**	12,704	**132,714**	92,255
Provision for expected credit losses (Notes 3 and 5)	**96,547**	54	**106,792**	83,759
Insurance	**29,308**	15,421	**73,176**	47,566
Advertising and promotion	**13,153**	13,890	**47,512**	70,198
Purchased water	**12,569**	85,348	**31,362**	211,774
Collection charges	**11,531**	43,760	**27,010**	133,614
Others	**(160,638)**	72,234	**164,785**	280,267
	4,360,852	3,420,744	**12,274,047**	10,479,430
INCOME BEFORE OTHER INCOME (EXPENSES)	**₱5,140,044**	₱5,880,528	**₱16,339,364**	₱17,173,875

(Forward)

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	**2026**	2025
Revenue from rehabilitation works (Note 2)	**₱5,763,941**	₱7,127,569	**₱21,680,281**	₱20,053,409
Cost of rehabilitation works (Notes 2 and 7)	**(5,763,941)**	(7,127,569)	**(21,680,281)**	(20,053,409)
Interest expense and other financing charges	**(504,614)**	(573,177)	**(1,411,591)**	(1,730,677)
Foreign exchange gains (losses) - net (Note 22)	**(249,699)**	(221,204)	**(931,313)**	(947,953)
Foreign currency differential adjustments (FCDA) (Note 3)	**251,459**	225,497	**923,802**	949,285
Interest income (Note 4)	**202,664**	54,080	**578,272**	128,420
Others - net (Notes 8, 9 and 12)	**5,214**	(414,839)	**121,740**	(776,186)
	(294,976)	(929,643)	**(719,090)**	(2,377,111)
INCOME BEFORE INCOME TAX	**4,845,068**	4,950,885	**15,620,274**	14,796,764
PROVISION FOR INCOME TAXES (Note 16)				
Current	**922,301**	989,688	**2,873,429**	2,977,681
Deferred	**(142,143)**	16,235	**170,796**	407,492
	780,158	1,005,923	**3,044,225**	3,385,173
NET INCOME	**₱4,064,910**	₱3,944,962	**₱12,576,049**	₱11,411,591
Basic and Diluted Earnings per Share (Note 18)	**₱0.54**	₱0.70	**₱1.70**	₱2.03

See accompanying Notes to Consolidated Financial Statements

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

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2026 AND 2025
(Amounts in Thousands, Except Earnings per Share Value)

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	**2026**	2025
NET INCOME	**₱4,064,910**	₱3,944,962	**₱12,576,049**	₱11,411,591
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	–	–	**(144)**	154,782
Income tax effect	–	–	**36**	(18,698)
		–	**(108)**	136,084
TOTAL COMPREHENSIVE INCOME	**₱4,064,910**	₱3,944,962	**₱12,575,941**	₱11,547,676

See accompanying Notes to Consolidated Financial Statements.

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

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2026 AND 2025
(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) Unappropriated	Retained Earnings (Note 13) Appropriated	Total
At December 31, 2025	**₱7,617,997**	**₱35,555,863**	**(₱3,115,230)**	**(₱319,485)**	**(₱309,220)**	**₱29,601,292**	**₱40,736,220**	**₱109,767,437**
Total comprehensive income	–	–	–	**(108)**	–	**12,576,049**	–	**12,575,941**
Dividends declared	–	–	–	–	–	**(8,438,968)**	–	**(8,438,968)**
At September 30, 2026	**₱7,617,997**	**₱35,555,863**	**(₱3,115,230)**	**(₱319,593)**	**(₱309,220)**	**₱33,738,373**	**₱40,736,220**	**₱113,904,410**

	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) Unappropriated	Retained Earnings (Note 13) Appropriated	Total
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	₱5,683,728	₱10,030,294	(₱960,555)	(₱471,460)	(₱309,220)	₱25,980,839	₱40,549,000	₱80,502,626

See accompanying Notes to Consolidated Financial Statements.

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

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2026 AND 2025
(Amounts in Thousands)

	September 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱15,620,274**	₱14,796,764
Adjustments for:		
Amortization of service concession assets (Notes 3 and 7)	**3,168,274**	2,311,105
Interest expense and other financing charges (Notes 10, 11, 17 and 21)	**1,411,591**	1,730,677
Depreciation and amortization (Notes 3, 8 and 21)	**495,939**	431,447
Interest income (Note 4)	**(578,272)**	(128,420)
Retirement cost	**138,910**	143,869
Dividend income (Note 9)	**(9,700)**	(5,000)
Provision for expected credit losses (Notes 3 and 5)	**106,792**	83,759
Other Income (reversal of impairment loss)	**(1)**	–
Unrealized foreign exchange losses (gains)	**3**	(501)
Gain on sale of property and equipment (Note 8)	**(20)**	(35)
Operating income before working capital changes	**20,353,790**	19,363,665
Decrease (Increase) in:		
Trade and other receivables	**(222,766)**	(490,159)
Contract assets	**(139,358)**	(277,792)
Other current assets	**385,847**	(586,856)
Other noncurrent assets	**(1,374,417)**	(2,815,283)
Additions to service concession assets (Notes 7 and 25)	**(22,522,515)**	(20,670,981)
Increase (decrease) in:		
Trade and other payables	**3,601,217**	6,436,613
Customers' deposits	–	–
Other noncurrent liabilities	**507,305**	(131,031)
Cash generated from operations	**589,103**	828,176
Contributions to pension fund	**(147,528)**	(182,092)
Interest received	**643,076**	150,296
Income taxes paid	**(2,862,515)**	(2,767,509)
Net cash provided by (used in) operating activities	**(1,777,864)**	(1,971,129)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Note 8)	**(638,069)**	(309,430)
Decrease (increase) in other noncurrent assets	**(1)**	–
Dividends received (Note 9)	**9,700**	5,000
Proceeds from sale of property and equipment (Note 8)	–	35
Net cash provided by (used in) investing activities	**(628,370)**	(304,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the availment/drawdown of interest-bearing loans (Notes 11 and 26)	**12,207,455**	12,902,332
Payments of:		
Dividends (Notes 13 and 26)	**(8,438,968)**	(6,399,665)
Interest-bearing loans (Notes 11 and 26)	**(1,794,912)**	(3,357,211)
Service concession obligation payable to MWSS (Notes 10 and 26)	**(883,649)**	(922,731)
Lease liabilities (Notes 21 and 26)	**(142,635)**	(142,160)
Interest paid (Note 26)	**(4,406,577)**	(3,899,540)
Net cash flows from (used in) financing activities	**(3,459,286)**	(1,818,975)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(5,865,520)**	(4,094,499)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**26,792,759**	10,519,541
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱20,927,239**	₱6,425,042

See accompanying Notes to Consolidated Financial Statements.

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).

On September 26, 2025, the Parent Company was granted the first-ever Philippine Green Equity label by the SEC. The Philippine Green Equity label is the designation given to a publicly listed company in the Philippines that meets the requirements of the Guidelines on Philippine Green Equity, which "are intended to provide a coherent framework for issuers that voluntarily choose to align their equity offerings or listings with environmentally sustainable finance objectives." The designation was given ahead of Maynilad's Initial Public Offering.

The Parent Company's common shares are listed and traded in the Philippine Stock Exchange beginning November 7, 2025 (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.

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, 2026 and December 31, 2025, Maynilad is a 66.78% owned subsidiary of MWHCI. In addition, MPIC directly owns 4.18% and 4.00% of the Company, resulting in an effective ownership interest of 38.42% and 38.24% as at September 30, 2026 and December 31, 2025, respectively.

MPHI is a Philippine corporation whose stockholders are Enterprise Investment Holdings, Inc. (EIH; 60.0% interest), Intalink B.V. (26.7% interest) and First Pacific International Limited (FPIL; 13.3% interest). First Pacific Company Limited (FPC), a 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, 1108 Quezon City.

The accompanying unaudited interim consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on November 4, 2026.

Concession Agreement and RA 11600 – Maynilad's Legislative Franchise

Maynilad is principally engaged in water and wastewater services in the West Service Area under a Revised Concession Agreement ("RCA") with the MWSS.

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." The franchise term will end on January 21, 2047, following the approval of a 10-year extension of the RCA, extending its July 31, 2037 expiration date to align with the franchise term.

Rate Rebasing Exercise

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, subject to Maynilad's attainment of sewer coverage of 25% by the end of 2024.

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

On December 4, 2025, the MWSS BOT, through Resolution No. 2025-177-RO, as recommended by the MWSS Regulatory Office (RO) in RO Resolution No. 2025-14-CA dated November 24, 2025, approved Maynilad's new standard rates table with an RAL of 2.85%, composed of 0.68% "C" factor and 2.17% "R" factor. The RAL, as applied to the 2025 basic charge of ₱51.40/cu.m., resulted in an average adjustment of ₱1.46/cu.m. to the basic charge.

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, 2025.

The preparation of financial statements, in compliance with PFRS Accounting Standards, includes statements named PFRS Accounting Standards and Philippine Accounting Standards (PAS), including Philippine Interpretations from the International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial and Sustainability Reporting Standards Council (FSRSC) and the 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.

Subsidiary	Nature of Business
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.

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, 2027

- *PFRS 18, Presentation and Disclosure in Financial Statements*
- *PFRS 19, Subsidiaries without Public Accountability*
- *PFRS 17, Insurance Contracts*
- *Amendments to PAS 21, Translation to a Hyperinflationary Presentation Currency*

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*

Accounting Policies and New Standards Adopted in 2026

The accounting policies adopted are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2025, except for the adoption of new standards and amendments effective January 1, 2026. The adoption of these standards and amendments did not have a material impact on the Group's interim consolidated financial statements.

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.

Fair value measurements are categorized into Levels 1, 2, or 3 of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

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, 2026, and December 31, 2025.

The Group's financial assets at FVOCI are their unquoted equity investments that are included in Note 9 as at September 30, 2026 and December 31, 2025.

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, 2026 and December 31, 2025.

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 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 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.

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 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.

Leases
The Group recognizes lease liabilities at the present value of lease payments to be made over the lease term. 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.

ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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.

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.

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 cumulative 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 Service Concession Assets ("SCA") using the Units of Production ("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.

Trade receivables from demolished accounts amounting to ₱5.9 million and ₱11.5 million were written off as at September 30, 2026 and 2025, respectively.

Trade and other receivables, net of allowance for ECL of ₱1,791.1 million and ₱1,690.2 million, amounted to ₱3,344.3 million and ₱3,121.6 million as at September 30, 2026, and December 31, 2025, respectively (see Notes 5 and 23). Provision for ECL amounted to ₱106.8 million and ₱83.8 million for the nine-month periods ended September 30, 2026 and 2025, 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 ₱51,913.0 million and ₱48,744.8 million, amounted to ₱222,709.9 million and ₱200,373.5 million as at September 30, 2026 and December 31, 2025, respectively (see Note 7). Amortization of SCA amounted to ₱3,168.3 million and ₱2,311.1 million for the periods ended September 30, 2026 and 2025, 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 2026 and 2025.

Property and equipment, net of accumulated depreciation and amortization of ₱5,788.9 million and ₱5,465.3 million, amounted to ₱2,681.4 million and ₱2,530.8 million as at September 30, 2026 and December 31, 2025, respectively. Depreciation and amortization of property and equipment amounted to ₱495.9 million and ₱431.4 million for the nine-month periods ended September 30, 2026 and 2025, 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 2026 and 2025, respectively. Phil Hydro used itemized deduction in computing its taxable income in 2026 and 2025 (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 ₱639.1 million and ₱571.9 million as at September 30, 2026 and December 31, 2025, 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, 2026	December 31, 2025
Service concession assets (see Note 7)	**₱222,709,934**	₱200,373,499
Property and equipment (see Note 8)	**2,681,360**	2,530,754
	₱225,391,294	₱202,904,253

As at December 31, 2025 and for the nine-month period ended September 30, 2026, 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, 2026	December 31, 2025
Cash on hand and in banks	**₱3,137,540**	₱3,153,060
Cash equivalents	**17,789,699**	23,639,699
	₱20,927,239	₱26,792,759

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 ₱578.3 million and ₱128.4 million for the periods ended September 30, 2026 and 2025, respectively.

5. Trade and Other Receivables

This account consists of receivables from:

	September 30, 2026	December 31, 2025
Customers (Note 14):		
Residential	**₱2,711,292**	₱2,493,786
Semi-business	**288,995**	295,453
Commercial	**725,760**	720,731
Industrial	**188,994**	208,683
Bulk water supply (Note 14)	**300,007**	281,293
	4,215,048	3,999,946
Employees	**₱63,309**	₱30,174
Others	**857,041**	781,643
	5,135,398	4,811,763
Less allowance for ECL	**1,791,075**	1,690,206
	₱3,344,323	₱3,121,557

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, 2026, and December 31, 2025, 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, 2026					
	Receivables from Customers				**Other**	
	Residential	**Semi-Business**	**Commercial**	**Industrial**	**Receivables**	**Total**
At January 1	**₱987,201**	**₱156,100**	**₱398,538**	**₱94,563**	**₱53,804**	**₱1,690,206**
Provisions	**76,841**	**7,594**	**17,934**	**4,423**	**-**	**106,792**
Write-off	**(3,200)**	**(195)**	**(1,891)**	**(637)**	**-**	**(5,923)**
Reversal	**-**	**-**	**-**	**-**	**-**	**-**
At September 30	**₱1,060,842**	**₱163,499**	**₱414,581**	**₱98,349**	**₱53,804**	**₱1,791,075**

	December 31, 2025					
	Receivables from Customers				Other	
	Residential	Semi-Business	Commercial	Industrial	Receivables	Total
At January 1	₱869,424	₱142,494	₱366,946	₱85,278	₱55,421	₱1,519,563
Provisions	129,702	14,211	33,811	9,495	–	187,219
Write-off	(11,925)	(605)	(2,219)	(210)	(1,617)	(16,576)
At December 31	₱987,201	₱156,100	₱398,538	₱94,563	₱53,804	₱1,690,206

The management recognized provisions for ECL amounting to ₱106.8 million and ₱83.8 million for the nine-month periods ended September 30, 2026 and 2025, respectively

6. Other Current Assets and Other Noncurrent Assets

Other Current Assets

This account consists of:

	September 30, 2026	December 31, 2025
Prepayments (Note 22)	**₱413,758**	₱504,522
Input VAT	**309,333**	303,765
Advances to supplier/contractors	**264,030**	733,041
Deposits	**315,241**	272,619
Others (Note 14)	**547,363**	421,625
	₱1,849,725	₱2,235,572

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, 2026 and December 31, 2025, "Others" consists mainly of materials and supplies amounting to ₱413.2 million and ₱349.9 million, respectively; creditable withholding tax amounting to ₱97.7 million and ₱40.0 million, respectively; and cost of new water service connections amounting to ₱36.5 million and ₱31.7 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, 2026	December 31, 2025
Mobilization fund	**₱7,410,646**	₱9,174,039
Cost of new water service connection (Note 14)	**698,706**	631,149
Deposits	**742,395**	658,585
Others (see Note 14)	**89,948**	85,698
	₱8,941,6955	₱10,549,471

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, 2026 and December 31, 2025, deposits for restoration works amounted to ₱663.3 million and ₱579.4 million, respectively.

As at September 30, 2026 and December 31, 2025, "Others" pertains to Parent Company's deferred employee benefits amounting to ₱89.9 million and ₱85.7 million, net of accumulated amortization of ₱81.1 million and ₱63.7 million, respectively.

7. Service Concession Assets

The movements in this account are as follows:

	September 30, 2026	December 31, 2025
Cost:		
Balance at beginning of year	**₱249,118,271**	₱213,907,718

	September 30, 2026	December 31, 2025
Additions	**25,504,709**	33,618,898
Effect of the extension of RCA (Note 1)	**–**	1,591,655
Balance at end of period	**₱274,622,980**	₱249,118,271
Accumulated amortization:		
Balance at beginning of period	**₱48,744,772**	₱45,568,336
Amortization	**3,168,274**	3,176,436
Reclassification	**–**	–
Balance at end of period	**51,913,046**	48,744,772
	₱222,709,934	₱200,373,499

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 ₱28.7 million and ₱169.9 million as at September 30, 2026 and December 31, 2025, 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, 2026 and 2025, specific borrowing costs capitalized as part of the Parent Company's service concession assets in connection with the Bigte-Novaliches Aqueduct No. 7 (BNAQ7) and Kaliwa Dam Project amounted to ₱3,544.6 million and ₱3,068.3 million, respectively, while general borrowing cost capitalized as part of service concession assets amounted to ₱429.3 million and ₱28.0 million, respectively (see Note 11).

In June 2026, the Company revised its methodology for computing the capitalization of general borrowing costs. Under the revised methodology, the capitalization base includes cumulative qualifying expenditures incurred to date on projects that remain under construction, rather than being limited to current-year cash outflows. The change resulted in an increase in capitalized borrowing costs as of September 30, 2026.

The rates used to determine the amount of general borrowing costs eligible for capitalization were 5.7% and 5.6% for the nine-month periods ending September 30, 2026 and 2025, 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, 2026.

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 ₱883.6 million and ₱922.7 million for the nine-month periods ended September 30, 2026 and 2025, respectively, and the Regulatory Costs reported in the consolidated statements of income amounting to ₱235.3 million and ₱226.6 million, respectively, the Parent Company paid actual concession fees of ₱175.4 million and ₱202.8 million for the nine-month periods ended September 30, 2026 and 2025, 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 ₱99.3 billion and ₱94.0 billion as at September 30, 2026 and December 31, 2025, respectively, are considered as contract assets under PFRS 15.

8. Property and Equipment

The roll forward analysis of this account follows:

	September 30, 2026						
	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	**₱45,196**	**₱1,723,668**	**₱3,372,680**	**₱1,177,266**	**₱1,028,120**	**₱647,563**	**₱7,994,493**
Additions	109	306,785	285,805	45,597	9,752	–	648,048
Reclassification	–	8,292	(9,317)	1,025	–	–	–
Disposals	–	(74,638)	(93,568)	(4,029)	–	–	(172,235)
At September 30	45,305	1,964,107	3,555,600	1,219,859	1,037,872	647,563	8,470,306
Accumulated Depreciation and Amortization							
At January 1	4,384	1,201,951	2,259,935	952,130	532,489	512,850	5,463,739
Depreciation and amortization	220	54,524	246,755	57,931	81,474	55,035	495,939
Reclassification	43	15	(81)	15	746	765	1,503
Disposals		(74,638)	(93,568)	(4,029)	–	–	(172,235)
At September 30	4,647	1,181,852	2,413,041	1,006,047	614,709	568,650	5,788,946
Net Book Value at September 30	**₱40,658**	**₱782,255**	**₱1,142,559**	**₱213,812**	**₱423,163**	**₱78,913**	**₱2,681,360**

	December 31, 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	₱44,617	₱2,072,654	₱2,680,166	₱1,042,683	₱508,888	₱702,933	₱7,051,941
Additions	579	270,139	262,485	143,244	519,232	–	1,195,679
Reclassification	–	(445,022)	445,022	–	–	–	–
Disposals	–	(174,103)	(14,993)	(8,661)	–	(55,370)	(253,127)
At December 31	45,196	1,723,668	3,372,680	1,177,266	1,028,120	647,563	7,994,493
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	291	89,982	250,805	73,726	107,834	72,893	595,531
Reclassification	–	(937)	937	–	–	–	–
Disposals	–	(174,103)	(14,993)	(8,661)	–	(22,746)	(220,503)
At December 31	4,384	1,201,951	2,259,935	952,130	532,489	512,850	5,463,739
Net Book Value at December 31	₱40,812	₱521,717	₱1,112,745	₱225,136	₱495,631	₱134,713	₱2,530,754

The Parent Company sold items of property and equipment for a total consideration of ₱0.02 million and ₱0.05 million as at September 30, 2026 and December 31, 2025, respectively.

Gain on disposals of property and equipment amounting to ₱0.02 million and ₱0.04 million for the nine-month periods ended September 30, 2026 and 2025, 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.

No property and equipment as at September 30, 2026 and December 31, 2025 have been pledged as security or collateral.

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

The financial assets at FVOCI amounting to ₱210.6 million as at September 30, 2026 and December 31, 2025 pertain to the Parent Company's investments in unquoted equity shares in a local water distribution company. In 2025, the Parent Company reversed an impairment loss amounting to ₱85.7 million that was recognized from this investment prior to the adoption of PFRS 9, *Financial Instruments*, and presented as part of the "Others – net" account under "Other income (expenses)" in the consolidated statements of income.

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 ₱9.7 million and ₱5.0 million for the nine-month periods ended September 30, 2026 and 2025, respectively.

10. Service Concession Obligation Payable to MWSS

This account consists of:

	September 30, 2026	December 31, 2025
Concession fees payable (Note 7)	**₱7,581,031**	₱7,788,347
Accrued interest	**607,217**	607,217
Total Concession Fee Payable	**8,188,248**	8,395,564
Less current portion	**1,571,662**	1,472,856
Noncurrent portion	**₱6,616,586**	₱6,922,708

Interest accretion on service concession obligation amounted to ₱449.7 million and ₱427.3 million for the nine-month periods ended September 30, 2026 and 2025, 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 and ₱5.1 billion as at September 30, 2026 and December

31, 2025, respectively. 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, 2026 and December 31, 2025, 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.

In 2025, in relation to the approval of the extension of the Concession Agreement as discussed in Note 1, the Parent Company assumed additional obligations, representing MWSS loan repayments that will mature or are scheduled for payment beyond 2037 and until the end of the extended concession term. These obligations resulted in the recognition of additional service concession obligation payable and, consequently, additional service concession assets amounting to ₱1,591.7 million in the consolidated statement of financial position (see Note 7). No similar adjustment was made as at September 30, 2026.

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

	In Original Currency		
Year	Foreign Currency Loans (Translated to US$)*	Peso Loans/ Project Local Support	Total Peso Equivalent
		(In Millions)	
2026	$0.2	₱272.7	₱285.7
2027	11.8	831.4	1,570.9
2028	11.5	864.7	1,583.8
2029-2047	81.2	26,817.2	31,904.6
	$104.7	₱28,786.0	₱35,345.0

**Translated using the September 30, 2026 exchange rate of ₱62.64: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, 2026	December 31, 2025
₱18.5 billion Corporate Notes	**₱15,602,715**	₱15,725,925
₱15.0 billion Blue Bonds	**15,000,000**	15,000,000
₱10.0 billion Term Loan Facility (MBTC)	**9,812,500**	9,937,500
₱10.0 billion Term Loan Facility (BPI)	**9,750,000**	9,812,500
₱6.0 billion Term Loan Facility (BDO)	**5,812,500**	5,850,000
₱5.0 billion Term Loan Facility (LBP)	**4,906,250**	4,937,500
₱6.0 billion Term Loan Facility (LBP)	**4,800,000**	5,100,000
¥13.1 billion Facility Loan (JICA)	**4,107,047**	4,111,121
₱4.0 billion Term Loan Facility (BPI)	**4,000,000**	4,000,000
₱4.0 billion Term Loan Facility (BDO)	**4,000,000**	–
₱4.0 billion Term Loan Facility (LBP)	**3,975,000**	4,000,000
₱4.0 billion Term Loan Facility (LBP)	**3,875,000**	3,900,000
₱3.5 billion Term Loan Facility (LBP)	**3,500,000**	–
₱4.8 billion Term Loan Facility (DBP)	**2,703,000**	3,021,000
₱2.5 billion Term Loan Facility (BDO)	**2,500,000**	–
₱2.5 billion Term Loan Facility (BPI)	**2,484,375**	2,500,000
₱2.5 billion Term Loan Facility (LBP)	**2,484,375**	2,500,000
₱2.0 billion Term Loan Facility (CTBC)	**2,000,000**	–
₱5.0 billion Term Loan Facility (BDO)	**1,944,445**	2,222,222
¥7.9 billion Facility Loan (JCB)	**418,489**	593,448
₱300 million Term Loan Facility (CTBC)	**292,105**	–
Total Interest-bearing Loans/Bonds	**103,967,801**	93,211,216
Less unamortized debt issuance costs	**673,528**	653,577
Total Carrying Value	**103,294,273**	92,557,639
Less current portion	**2,828,721**	2,642,939
Noncurrent portion	**₱100,465,552**	₱89,914,700

₱18.5 billion Corporate Notes (Various Lenders)

Amortization of debt issuance costs attributed to this loan amounting to ₱9.8 million and ₱10.1 million for the nine-month periods ended September 30, 2026 and 2025, 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

Specific borrowing costs capitalized as part of service concession assets related to this debt amounted to ₱778.5 million and ₱800.3 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

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

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱492.2 million and ₱497.2 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

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

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱471.3 million and ₱508.1 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

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

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱267.6 million and ₱326.8 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

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

Amortization of debt issuance costs attributed to this loan amounting to ₱3.6 million and ₱3.7 million for the nine-month periods ended September 30, 2026 and 2025, 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)

Specific borrowing costs capitalized as part of service concession assets amounted to ₱248.8 million and ₱251.8 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

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

Amortization of debt issuance costs attributed to this loan amounting to ₱4.9 million and ₱5.4 million for the nine-month periods ended September 30, 2026 and 2025, 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)

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱154.2 million and ₱211.2 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

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

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱128.6 million and ₱142.8 million for the nine-month periods ended September 30, 2026 and 2025, 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.)

Amortization of debt issuance costs attributed to this loan amounting to ₱4.8 million and ₱2.7 million for the nine-month periods ended September 30, 2026 and 2025, 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)

Amortization of debt issuance costs attributed to this loan amounting to ₱1.8 million and ₱3.2 million for the nine-month periods ended September 30, 2026 and 2025, 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)

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱119.7 million and ₱89.0 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

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

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱119.2 million and ₱85.1 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

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

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱186.2 million and ₱64.2 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

₱4.0 billion Term Loan (Landbank of the Philippines)

Specific borrowing costs capitalized as part of service concession assets related to this loan amounted to ₱154.2 million and ₱64.2 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

₱3.5 billion Term Loan (Landbank of the Philippines)
On March 16, 2026, the Parent Company entered into a credit agreement with the Land Bank of the Philippine whereby the Parent Company was granted a peso-denominated Facility Loan amounting to ₱3.5 billion. A drawdown of ₱3.5 billion was drawn on March 19, 2026. The loan shall be payable in semi-annual installments within 10 years to commence on October 19, 2027. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱26.3 million were recognized in 2026 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 ₱126.4 million and nil for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

₱2.5 billion Term Loan (BDO Unibank Inc.)
On March 16, 2026, the Parent Company entered into a credit agreement with the BDO Unibank Inc. 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, 2026. The loan shall be payable in semi-annual

installments within 10 years to commence on October 19, 2027. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱18.8 million were recognized in 2026 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 ₱90.3 million and nil for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

₱4.0 billion Term Loan (BDO Unibank Inc.)
On May 21, 2026, the Parent Company entered into a credit agreement with the BDO Unibank Inc. 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 March 25, 2026. The loan shall be payable in semi-annual installments within 10 years to commence on December 25, 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 2026 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 ₱110.2 million and nil for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

₱2.0 billion Term Loan (CTBC)
On May 25, 2026, the Parent Company entered into a credit agreement with the CTBC Bank (Philippines) Corp. whereby the Parent Company was granted a peso-denominated Facility Loan amounting to ₱2.0 billion. A drawdown of ₱2.0 billion was drawn on May 28, 2026. The loan is payable in a single lump-sum payment on May 31, 2031. The loan is secured by a negative pledge.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱15.3 million were recognized in 2026 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 ₱52.8 million and nil for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7)

₱300.0 million Term Loan (CTBC)
On April 14, 2026, Phil Hydro entered into a Loan Agreement with the CTBC Bank (Philippines) Corp. A drawdown of ₱300 million was drawn on April 14, 2026, 5-year term loan. The loan shall be payable in quarterly installments within ten years of commencement after the end of the 10th quarter and bears a prevailing interest rate per annum. The benchmark rate shall be determined by reference to the Philippine Dealing System Treasury Reference Rates (PDST-R2) rate. The loan is unsecured.

Debt Issuance Costs. All legal and professional fees incurred in relation to the loan totaling ₱2.3 million were recognized in 2026 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 ₱9.6 million and nil for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

Total general borrowing costs amounted to ₱429.3 million and ₱28.0 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

Covenants. The loan agreements contain, 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, 2026 and December 31, 2025, the Parent Company 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, 2026	December 31, 2025
Balance at beginning of year:		
Peso Loans	**₱473,242**	₱427,885
Japanese Yen-denominated	**33,796**	44,952
Peso Bonds	**146,538**	171,694
	653,576	644,531
Additions during the year:		
Peso Loans	**92,545**	97,821
Japanese Yen-denominated	**–**	–
Peso Bonds	**–**	–
	92,545	97,821
Amortization during the year (see Note 17):		
Peso Loans	**45,954**	52,464
Japanese Yen-denominated	**6,678**	11,156
Peso Bonds	**19,961**	25,156
	72,594	88,776
Balance at ending of year:		
Peso Loans	**519,833**	473,242
Japanese Yen-denominated	**27,118**	33,796
Peso Bonds	**126,577**	146,538
	₱673,528	₱653,576

**Debt issue cost amortization amounting to ₱49.2 million and ₱55.8 million as at September 30, 2026 and December 31, 2025, respectively, were capitalized to service concession assets.*

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

	September 30, 2026			
Year	**Japanese Yen-Denominated***	**Peso Loans**	**Peso Bonds**	**Total Peso Equivalent**
		(in millions)		
2026	**¥2,269.5**	**₱1,927.1**	**₱–**	**₱2,828.7**
2027	**1,216.2**	**3,673.7**	**–**	**4,156.9**
2028	**1,216.2**	**2,033.7**	**–**	**2,516.9**
2029	**1,216.2**	**1,756.0**	**–**	**2,239.1**
2030 onwards	**5,472.7**	**75,051.8**	**15,000.0**	**92,226.2**
	¥11,390.7	**₱84,442.3**	**₱15,000.0**	**₱103,967.8**

**Translated using the September 30, 2026 exchange rate of ₱0.3973:¥1*

	December 31, 2025			
Year	Japanese Yen-Denominated*	Peso Loans	Peso Bonds	Total Peso Equivalent
		(in millions)		
2026	¥2,269.5	₱1,790.5	₱–	₱2,642.9
2027	1,742.8	1,808.0	–	2,462.6
2028	1,216.2	3,542.2	–	3,998.9
2029	1,216.2	1,877.2	–	2,333.9
2030 onwards	6,080.8	64,488.9	15,000.0	81,772.8
	¥12,525.5	₱73,506.8	₱15,000.0	₱93,211.1

**Translated using the December 31, 2025 exchange rate of ₱0.3756: ¥1*

12. Trade and Other Payables

This account consists of:

	September 30, 2026	December 31, 2025
Accrued expenses	**₱11,466,033**	₱12,659,403
Accrued construction costs (Note 15)	**10,514,758**	9,489,225
Trade and other payables	**6,622,863**	6,453,942
Due to related parties (Note 15)	**380,921**	164,600
Lease liabilities (Note 21)	**187,545**	200,161
Contract Liabilities (Note 14)	**76,802**	68,424
	₱29,248,922	₱29,035,755

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 ₱1,363.0 million and ₱1,296.3 million as at September 30, 2026 and December 31, 2025, 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 ₱.94 million and ₱7.4 million as at September 30, 2026 and December 31, 2025, 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 ₱4,806.9 million and ₱4,566.0 million as at September 30, 2026 and December 31, 2025, 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 as of September 30, 2026 and December 31, 2025.

13. Equity

a. The Parent Company's authorized and issued shares as at September 30, 2026 and December 31, 2025 are presented below:

	September 30, 2026		December 31, 2025	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized common shares − ₱1 par value	**9,093,964,000**	**₱9,093,964,000**	9,093,964,000	₱9,093,964,000
Issued and outstanding − common shares:				
Beginning of year − ₱1 par value	**7,617,997,300**	**7,617,997,300**	5,683,727,500	₱5,683,727,500
Issuance of shares	**−**	**−**	1,934,269,800	1,934,269,800
Issued shares	**7,402,603,600**	**7,617,997,300**	7,617,997,300	7,617,997,300
Less: Treasury shares	**215,393,700**	**3,115,230,115**	215,393,700	3,115,230,115
End of period	**7,402,603,600**	**4,502,767,185**	7,402,603,600	₱4,502,767,185
Treasury shares:				
Beginning of year	**215,393,700**	**3,115,230,115**	71,100,000	₱960,554,583
Reacquisition	**−**	**−**	144,293,700	2,154,675,532
End of period	**215,393,700**	**₱3,115,230,115**	215,393,700	₱3,115,230,115

There were no new shares issued during the nine-month period ended September 30, 2026. Accordingly, the number of issued and outstanding shares remained unchanged from December 31, 2025.

Initial Public Offering

On May 30, 2025, the Philippines Securities and Exchange Commission (SEC) granted formal approval for the issuance of shares by the entity through its en banc resolution. Subsequently, on November 7, 2025, the Parent company conducted an Initial Public Offering (IPO), offering up to 1,660.3 million common shares in a primary offer and up to 24.9 million primary common shares in a preferential offer. Additionally, there was an overallotment option of up to 249.0 million primary common shares, with a potential upsize option of up to 354.7 million secondary common shares, all priced at ₱15.00 per share, intended for listing and trading on the Main Board of The Philippine Stock Exchange, Inc. As at September 30, 2026 and December 31, 2025, the total number of shareholders for common shares is 35 and 21, respectively. The total number of stockholders includes PCD Nominee Corporation, which acts as custodian for various shareholders.

Total proceeds from the IPO amounted to ₱27,459.8 million, ₱1,934.3 million of which, representing par value, were recognized under Common Capital Stock, and the excess over par amounting to ₱25,525.6 million, net of issuance and other directly attributable costs of ₱1,544.5 million, were recognized as Additional Paid-in Capital (APIC).

b. ESOP and Treasury Shares

As of September 30, 2026, there are no ESOP shares outstanding.

Treasury shares of the Parent Company amounted to ₱3,115.2 million as at September 30, 2026 and December 31, 2025.

c. Dividends

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. Payments were made on March 14, 2025.

On February 23, 2026, during the regular meeting of the BOD, Maynilad set and approved the declaration of cash dividends amounting to ₱8.4 billion (₱1.14 per common share) to all shareholders of record as at March 9, 2026. Payments were made on March 18, 2026.

d. Appropriation of Retained Earnings

On December 9, 2025, the Board of Directors approved the following:

- Appropriation of retained earnings amounting to ₱502.1 million due to updates in awarded contract values which are primarily related to pipelaying and conveyance project. These are expected to be completed within the next two (2) years.

- Reversal of appropriated retained earnings amounting to ₱314.9 million for the completed projects that were previously appropriated in 2018 to 2024.

The accumulated earnings, which are included in the Group's retained earnings amounting to ₱40,736.2 million as at September 30, 2026 and December 31, 2025, are not available for dividend declaration as these are appropriated for various projects. In addition, unappropriated retained earnings are further restricted for payment of dividends to the extent of treasury shares amounting to ₱3,115.2 million as of September 30, 2026 and December 31, 2025. Earnings from its subsidiaries amounting to ₱ million and a net loss of ₱46.1 million for the nine-month periods ended September 30, 2026 and 2025, respectively, are also not available for dividend declaration.

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.

14. Revenue from Contracts with Customers

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

	September 30, 2026	September 30, 2025
Geographical areas:		
West zone	**₱28,365,607**	₱27,370,363
Outside west zone	**247,804**	282,942
	₱28,613,411	₱27,653,305

Contract balances:

	September 30, 2026	December 31, 2025
Trade receivables (gross of allowance for ECL) (Note 5)	**₱4,215,048**	₱3,999,946
Contract assets	**1,685,418**	1,546,060
Cost of new water service connections	**735,209**	662,852
	₱6,635,675	₱6,208,858
Contract liabilities (Note 7)	**₱1,544,342**	₱1,428,797
Less: Current portion	**76,802**	68,424
	₱1,467,541	₱1,360,373

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, 2026 and December 31, 2025 consist of the following:

	September 30, 2026	December 31, 2025
Customers:		
Residential	**₱839,229**	₱741,216
Semi-business	**127,284**	116,211
Commercial	**547,453**	526,155
Industrial	**171,452**	162,478
	₱1,685,418	₱1,546,060

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 ₱76.8 million and ₱68.4 million for the current portion and ₱1,467.5 million and ₱1,360.4 million for the noncurrent portion under the "Other noncurrent liabilities" account in the consolidated statements of financial position as at September 30, 2026 and December 31, 2025, respectively. For the nine-month periods ended September 30, 2026 and 2025, the Company recognized revenue from contract liabilities from prior year amounting to ₱65.6 million and ₱55.6 million, respectively.

Cost of new water service connections recognized amounted to ₱36.5 million and ₱31.7 million under the "Other current assets" and ₱698.7 million and ₱631.1 million under the "Other noncurrent assets" account in the consolidated statements of financial position as at September 30, 2026 and December 31, 2025, 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
Parent and intermediate Parent Company					
Maynilad Water Holdings Company Inc.					
Dividends	**2026**	**₱5,635.9 million**	**₱–**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	₱6,041.8 million	₱–		
Metro Pacific Investments Corporation					
Dividends	**2026**	–	–	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	337.7 million	–		
Advertising and promotions	**2026**	**1.4 million**	**(4.3 thousand)**	Noninterest-bearing settlement in cash and payable on demand	Unsecured
	2025	2.9 million	(4.3 thousand)		

Category	Year*	Amount/ Volume of Transactions	Outstanding Receivable (Payable)	Terms	Conditions
Subsidiary of a significant influence investor					
DM Consunji, Inc.					
Revenue from trade and non-trade services	**2026**	**52.3 million**	**4.5 million**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	73.3 million	5.2 million		
Construction costs (see Note 12)	**2026**	**1,519.9 million**	**128.9 million**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	2,784.3 million	(52.0 million)		
Rental	**2026**	**–**	**(1.9 million)**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	–	(1.9 million)		
Training Fees	**2026**	**0.2 million**	–	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	0.9 million	–		
Advertising and promotions	**2026**	**23.4 million**	–	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	23.4 million	–		
Significant influence investees of FPC					
Manila Electric Company					
Revenue from trade and non-trade services	**2026**	**7.0 million**	**0.3 million**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	9.7 million	0.9 million		
Electricity costs	**2026**	**1,074.9 million**	**294.0 million**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	1,215.8 million	270.5million		
Meralco Industrial Engineering Services Corporation					
Construction costs (Note 12)	**2026**	**₱–**	**₱ 0.9 million**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	₱–	₱0.9 million		
Miescor Logistics, Inc.					
Repairs and maintenance	**2026**	**₱–**	**(₱0.4 million)**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	₱1.7 million	(₱0.4 million)		
Meralco Energy, Inc.					
Construction costs (Note 12)	**2026**	**55.2 million**	**10.9 million**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	165.2 million	14.7 million		
MIESCOR Builders Incorporated					
Construction costs (Note 12)	**2026**	**–**	**0.4 million**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	–	0.4 million		
Indra Philippines, Inc.					
Revenue from trade and non-trade services	**2026**	**–**	**40.0 thousand**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	–	40.0 thousand		
Commercial outsourcing of information technology and system services	**2026**	**125.6 million**	–	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	282.0million	(15.0 million)		
PLDT, Inc.					

Category	Year*	Amount/ Volume of Transactions	Outstanding Receivable (Payable)	Terms	Conditions
Revenue from trade and non-trade services	**2026**	**9.7 million**	**33.5 thousand**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	13.2 million	89.8 thousand		
Communication expense	**2026**	**2.8 million**	**(69.1 thousand)**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	7.3 million	(4.4 million)		
Entity under control of MPIC					
Metro Pacific Water Solutions Inc.					
Revenue from trade and non-trade services	**2026**	**0.2 million**	**17.0 thousand**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	38.0 thousand	0.3 million		
Construction costs (Note 12)	**2026**	**80.7 million**	**(41.9 million)**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	144.3 million	(41.6 million)		
Others**					
Revenue from trade and non-trade services	**2026**	**44.5 million**	**35.5 million**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	46.1million	28.7 million		
Management fees	**2026**	**0.1 million**	**6.6 million**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	0.1 million	6.5 million		
Advertising and promotions	**2026**	**2.5 million**	–	Noninterest-bearing, settlement in cash and payable on demand	Unsecured, not impaired
	2025	–	–		
Communication expenses	**2026**	**32.8 million**	**(4.4million)**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	53.8 million	(4.2 million)		
Insurance	**2026**	**4.6 million**	**(14.2 thousand)**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	18.9 million	(14.2 thousand)		
Sponsorship fees	**2026**	–	**(43.0 thousand)**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	–	(43.0 thousand)		
Donations	**2026**	**32.0 million**	–	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	32.1 million	–		
Professional fees	**2026**	**92.5 thousand**	**(0.1 million)**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	0.3 million	(0.1 million)		
Rental	**2026**	**₱ 1.1 million**	**₱**–	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	₱–	₱–		
Supplies and materials	**2026**	**₱0.9 million**	**₱**–	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	₱–	₱–		
Outsourced services	**2026**	**76.1 million**	**(5.3 million)**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	116.2 million	(6.2 million)		
Transportation equipment	**2026**	**4.9 million**	**(7.1 thousand)**	Noninterest-bearing, settlement in cash and payable on demand	Unsecured
	2025	20.4 million	(7.1 thousand)		
Training fees	**2026**	**26. 9 thousand**	–	Noninterest-bearing, settlement in cash	Unsecured
	2025	1.6 million	–		

Category	Year*	Amount/ Volume of Transactions	Outstanding Receivable (Payable)	Terms	Conditions
				and payable on demand	
Repairs and maintenance	**2026**	–	**(14.2 thousand)**	Noninterest-bearing,	Unsecured
	2025	–	(14.2 thousand)	settlement in cash and payable on demand	
Total					
Due to related parties (Note 12)	**2026**	**₱8,675.1 million**	**₱380.9 million**		
	2025	₱11,250.6 million	₱164.6 million		
Due from related parties	**2026**	**₱113.8 million**	**₱47.0 million**		
	2025	₱142.4 million	₱41.7 million		

**The balances and transactions presented in this table were incurred/realized as at September 30, 2026 and December 31, 2025 and for the nine-month periods ended September 30, 2026 and 2025.*
***Others represents affiliated entities, including entities under common control of MPIC and FPC.*

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.

Total compensation and benefits of key management personnel of the Company consist of:

	September 30, 2026	September 30, 2025
Compensation	**₱165,327**	₱169,249
Pension costs	**230,561**	12,038
Short-term benefits	**17,243**	17,216
	₱413,131	₱198,503

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, 2026 and 2025.

The components of the Group's net deferred tax liabilities as at September 30, 2026 and December 31, 2025, respectively, as shown in the consolidated statements of financial position, are as follows:

	September 30, 2026	December 31, 2025
Deferred tax assets:		
Allowance for ECL	**₱176,563**	₱164,550
Revenue from contracts with customers – net	**162,662**	147,899
Pension liability and unamortized past service cost	**157,555**	125,476
Allowance for inventory obsolescence	**58,636**	51,306
Accrued expenses	**66,919**	65,481
Lease liabilities	**16,769**	17,193
	₱639,104	₱571,905
Deferred tax liabilities:		
Service concession assets	**(₱3,033,906)**	(₱2,905,827)
Unamortized debt issuance costs	**(109,496)**	(69)
ROU assets	**-**	(20)
Others	**(604)**	(131)
	(3,144,006)	(2,906,047)
Deferred tax liabilities – net	**(₱2,504,902)**	(₱2,334,142)

For the nine-month periods ended September 30, 2026 and 2025, provision for deferred income tax on retirement liability recognized in other comprehensive income amounted to nil, respectively.

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, 2026	September 30, 2025
Income tax at statutory tax rate based on effective tax rate	**₱3,905,068**	₱3,639,441
Add (deduct) the tax effects of:		
Benefit under OSD method	**(567,826)**	(697,062)
Tax impact on change of method of deduction and others	**(308,914)**	114,737
Interest income already subjected to final tax	**(143,862)**	(32,077)
Non-deductible expenses and others	**159,759**	360,135
Provision for income tax	**₱3,044,225**	₱3,385,174

For the nine-month period ended September 30, 2026, 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, 2026	September 30, 2025
Interest-bearing loans (Note 11)	**₱875,794**	₱1,212,580
Accretion on service concession obligation payable to MWSS (Note 10)	**450,384**	426,261
Accretion of customers' deposits (Note 11)	**32,391**	28,707
Accretion on lease liability (Note 21)	**29,599**	36,951
Amortization of debt issuance costs (Note 11)	**23,423**	25,178
	₱1,411,591	₱1,730,677

18. Basic/Diluted Earnings Per Share

	Three Months Ended September 30		**Six Months Ended September 30**	
	2026	2025	**2026**	2025
Net income (a)	**₱4,064,910**	₱3,944,962	**₱12,576,049**	₱11,411,591
Weighted average number of shares at end of year for basic earnings per share (b)*	**7,402,604**	5,612,628	**7,402,604**	5,612,628
Effect of dilution from ESOP shares	–	–	–	–
Weighted average number of shares at end of year for diluted	**7,402,604**	5,612,628	**7,402,604**	5,612,628

earnings per share (c)				
Basic earnings per share (a/b)	**₱0.54**	₱0.70	**₱1.70**	₱2.03
Diluted earnings per share (a/c)	**₱0.54**	₱0.70	**₱1.70**	₱2.03

**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, 2026 and December 31, 2025:

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 ₱5.0 billion as at September 30, 2026 and December 31, 2025, 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.

In a Decision dated August 25, 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 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.

On April 2, 2025, Maynilad filed its Comment on the Amended Petition for Review filed by the Province of Bulacan and Municipality of Norzagaray, praying that the same be dismissed and set aside, and that the decision of the CBAA be affirmed.

On May 7, 2026, Maynilad received the CTA's Decision dated April 30, 2026 which denied the Amended Petition and affirmed the CBAA's decision.

On May 22, 2026, Maynilad filed its Manifestation clarifying certain points in the CTA's Decision. The Municipality of Norzagaray, Manila Water and MWSS also filed their respective motions for reconsideration.

As of November 4, 2026, the case remains pending before the CTA.

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. The Parent Company is a party to various civil and labor cases involving contractual claims for damages, claims of illegal dismissal and for back wages, among others.

e. Provisions recognized in 2026 and 2025 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. As of September 30, 2026, the contract is deemed terminated.

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. 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. As of September 30, 2026, the contract is deemed terminated.

f. On April 29, 2025, Maynilad and Manila Water entered into a Cross-Border Agreement wherein Manila Water shall share/provide treated water to Maynilad through identified and interconnected points for a bulk water charge of ₱31.69 per cubic meter exclusive of applicable taxes and fees, and subject to price adjustments based on CPI. The treated water quantity is at 10 MLD Minimum Treated Water Volume on a take and pay basis (the "Maximum Volume"). The contract ended December 31, 2025.

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
	(In Millions)
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 matters relating to the Government's JBIC Loan for the Angat Water Supply Optimization Project, including the billing by MWSS in 2019 and the Company's payments and position on the related guarantee fee and foreign exchange shortfall, were disclosed in the Company's latest Annual Financial Statements.

There were no significant developments on this matter for the nine-month period ended September 30, 2026.

As at November 4, 2026, the Bureau of Treasury has yet to respond to the Company's letter concerning the guarantee fee and shortfall.

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, 2026	September 30, 2025
Depreciation expense of ROU assets	**₱136,508**	₱136,080
Expense relating to short-term leases	**91,305**	70,470
Interest expense on lease liabilities	**29,599**	36,951
Expense relating to low-value assets	**45,317**	21,784
	₱302,729	₱265,285

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, 2026	December 31, 2025
Balance at the beginning of the period	**₱717,079**	₱372,787
Additions during the period	**8,475**	519,232
Payments (Note 22)	**(142,635)**	(189,879)
Termination	**-**	(32,624)
Accretion of interest (Note 17)	**29,599**	47,563
Balance at end of the period	**612,518**	717,079
Less: Current lease liabilities	**187,545**	200,161
Noncurrent lease liabilities (Note 23)	**₱424,973**	₱516,918

As at September 30, 2026 and 2025, 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 Company under its existing non-cancellable lease agreements as a lessor are as follows:

	September 30, 2026	December 31, 2025
	(In Millions)	
1 year	**₱216.2**	₱218.8
more than 1 years to 2 years	**170.9**	208.0
more than 2 years to 3 years	**149.4**	159.0
more than 3 years to 4 years	**46.0**	145.9
more than 4 years to 5 years	**12.9**	12.5
more than 5 years	**38.6**	48.2

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, amounting to ₱519.2 million, effective on January 1, 2025, and covering the period up to December 31, 2029. Lease payments amounted to ₱142.6 million and ₱142.2 million as at September 30, 2026 and September 30, 2025, respectively (see Note 21).

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 Group manages its exposure to interest rate risk by maintaining all of its borrowings at fixed interest rates. As of September 30, 2026 and December 31, 2025, fixed-rate borrowings accounted for 100% of the Group's total debt portfolio. Accordingly, the Group is not exposed to significant cash flow interest rate risk arising from changes in market interest rates.

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, 2026	
	Within 1 Year	**Total**
Short-term cash investments – Cash and cash equivalents (1-90 days) *	**₱20,914,205**	**₱20,914,205**

**Excludes cash on hand amounting to ₱13.0 million.*

	December 31, 2025	
	Within 1 Year	Total
Short-term cash investments – Cash and cash equivalents (1-90 days) *	₱26,784,848	₱26,784,848

**Excludes cash on hand amounting to ₱4.4 million.*

	September 30, 2026				
	Within 1 Year	**More than 1 Year**	**Total (In US$)**	**Total (In ¥)**	**Total (In ₱)**
Liabilities:					
Interest–bearing loans:					
Current – foreign	**¥2,269,497**	**–**	**–**	**¥2,269,497**	**₱901,671**
Current – local	**1,927,050**	**–**	**–**	**–**	**1,927,050**
Noncurrent – foreign	**–**	**¥9,121,230**	**–**	**¥9,121,230**	**3,623,865**
Noncurrent – local	**–**	**96,841,687**	**–**	**–**	**96,841,687**
					103,294,273
Service concession obligation payable to MWSS:					
Interest rate	**5.94%**				
Current – foreign	**$9,085**	**–**	**$9,085**	**–**	**569,092**
Current – local	**1,002,570**	**–**	**–**	**–**	**1,002,570**
Noncurrent – foreign	**–**	**$61,227**	**$61,227**	**–**	**3,835,282**
Noncurrent – local	**–**	**2,781,305**	**–**	**–**	**2,781,305**
					8,188,248
					₱111,482,521

The spot exchange rates used were ₱62.64:US$1 and ₱0.3973:¥1 as at September 30, 2026.

	December 31, 2025				
	Within 1 Year	More than 1 Year	Total (In US$)	Total (In ¥)	Total (In ₱)
Liabilities:					
Interest-bearing loans:					
Current foreign	¥2,269,497	–	–	¥2,269,497	₱852,423
Current-local	₱1,790,516	–	–	–	1,790,516
Noncurrent -foreign	–	¥10,255,979	–	10,255,979	3,852,146
Noncurrent – local	–	₱86,062,555	–	–	86,062,555
					92,557,640
Service concession obligation payable to MWSS:					
Interest rate	5.88%				
Current – foreign	$7,996	–	$7,996	–	₱470,286
Current – local	₱1,002,570	–	–	–	1,002,570
Noncurrent – foreign	–	$72,197	$72,197	–	4,007,611
Noncurrent – local	–	₱4,254,846	–	–	2,915,097
					8,395,564
					₱100,953,204

The spot exchange rates used were ₱58.79:US$1 and ₱0.3756: JPY1 as at December 31, 2025.

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, 2026 and December 31, 2025 are presented as follows:

	September 30, 2026		
	US Dollar	**JPY**	**Total Peso Equivalent**
Asset			
Cash and cash equivalents and restricted cash	**$1,821**	**¥10,793**	**₱118,339**
Liabilities			
Interest-bearing loans	**$–**	**¥11,390,727**	**4,525,536**
Service concession obligation payable to MWSS	**$70,312**	**–**	**4,404,373**
	70,312	**11,390,727**	**8,929,909**
Net foreign currency denominated liabilities	**($68,492)**	**(¥11,379,933)**	**(₱8,811,570)**

The spot exchange rates used were ₱62.64:US$1 and ₱0.3973:¥1 as at September 30, 2026.

	December 31, 2025		
	US Dollar	JPY	Total Peso Equivalent
Asset			
Cash and cash equivalents and restricted cash	$1,676	¥10,793	₱102,586
Liabilities			
Interest–bearing loans	$–	¥12,525,476	4,704,569
Service concession obligation payable to MWSS	$76,168	–	4,477,898
	76,168	12,525,476	9,182,467
Net foreign currency denominated liabilities	($74,492)	(¥12,514,683)	(₱9,079,881)

The spot exchange rates used were ₱58.79:US$1 and ₱0.3756:¥1 as at December 31, 2025.

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, 2026 and December 31, 2025. 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, 2026			
U.S. Dollar	**+1%**	**62.64**	**(₱42,903)**
JPY	**+1%**	**0.40**	**(45,212)**
U.S. Dollar	**-1%**	**62.64**	**42,903**
JPY	**-1%**	**0.40**	**₱45,212**

	Increase (Decrease) in Peso, U.S Dollar and JPY Exchange Rates	Foreign Exchange Rate	Effect on Income Before Income Tax
December 31, 2025			
U.S. Dollar	+1%	58.79	(₱43,869)
JPY	-1%	0.38	47,005
U.S. Dollar	+1%	58.79	43,869
JPY	-1%	0.38	(₱47,005)

The Group recognized net foreign exchange losses of ₱931.3 million and ₱948.0 million for the nine-month periods ended September 30, 2026 and 2025, 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's exposure to credit risk arises primarily from cash and cash equivalents, trade and other receivables, contract assets, and deposits.

The carrying amounts of these financial assets represent the Group's maximum exposure to credit risk. Management continuously monitors the credit quality of counterparties and assesses expected credit losses (ECL) using appropriate forward-looking information. There were no significant changes in the Group's credit risk management policies and processes during the period.

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 ₱210.6 million as at September 30, 2026 and December 31, 2025 (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, 2026	December 31, 2025
Cash and cash equivalents* (see Note 4)	**₱20,914,205**	₱26,784,848
Trade and other receivables – net (see Note 5)	**3,344,323**	3,121,557
Contract assets (see Note 14)	**1,685,418**	1,546,060
Deposits and restricted cash (see Note 6)	**315,241**	272,619
Deposits**	**736,107**	652,296
Total credit risk exposure	**₱26,995,294**	₱32,377,380

**Excludes cash on hand amounting to ₱13.0 million and ₱7.9 million as at September 30, 2026 and December 31, 2025, respectively.*

***Included as part of "Other noncurrent assets", excluding advances for customers amounting to ₱6.3 million as at September 30, 2026 and December 31, 2025, in the consolidated statements of financial position.*

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

	September 30, 2026				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
High grade	**₱21,119,688**	**₱–**	**₱630,608**	**₱5,138,399**	**₱26,888,695**
Standard grade	**1,608,486**	**26,602**	**150,462**	**2,365**	**1,787,915**
Gross carrying amount	**22,728,174**	**26,602**	**781,070**	**5,140,764**	**28,676,610**
Loss allowance	**(54,679)**			**(1,736,396)**	**(1,791,075)**
Carrying amount	**₱22,673,495**	**₱26,602**	**₱781,070**	**₱3,404,368**	**₱26,885,535**

	December 31, 2025			
	Stage 1	Stage 2	Stage 3	Total

	12-month ECL	Lifetime ECL	Lifetime ECL	Lifetime ECL Simplified Approach	
High grade	₱27,057,467	₱–	₱654,443	₱4,761,666	₱32,473,576
Standard grade	1,444,505	26,602	120,423	2,480	1,594,010
Gross carrying amount	28,501,972	26,602	774,866	4,764,146	34,067,586
Loss allowance	(54,679)	–	–	(1,635,527)	(1,690,206)
Carrying amount	₱28,447,293	₱26,602	₱774,866	₱ 3,128,619	₱32,377,380

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, 2026 and December 31, 2025, the table below summarizes the financial assets of the Group (amounts in thousands):

	September 30, 2026				
	Days past due				
	Current	**1 to 180 days**	**181-360 days**	**More than 360 days**	**Total**
Expected credit loss rate	**1.85%**	**5.16%-33.0%**	**37.51%-57.71%**	**58.06%-100%**	
Estimated total gross carrying amount at default*	**₱1,978,408**	**₱1,856,428**	**₱250,282**	**₱2,483,475**	**₱6,568,593**
Expected credit loss	**36,296**	**129,698**	**161,406**	**823,375**	**1,150,775**
Credit-impaired receivables	**–**	**–**	**–**	**640,300**	**640,300**
Total	**₱36,296**	**₱129,698**	**₱161,406**	**₱1,463,675**	**₱1,791,075**

**Balances shown exclude other non-trade receivables and advances to officers and employees amounting to ₱252.2 million as at September 30, 2026.*

	December 31, 2025				
	Days past due				
	Current	1 to 180 days	181-360 days	More than 360 days	Total
Expected credit loss rate	1.92%	4.81%-28.79%	33.12%-53.65%	54.84%-100%	
Estimated total gross carrying amount at default*	₱1,674,902	₱1,908,476	₱248,273	₱2,048,388	₱5,880,039
Expected credit loss	31,183	141,974	147,574	601,767	922,498
Credit-impaired receivables	–	–	–	767,708	767,708
Total	₱31,183	₱141,974	₱147,574	₱1,369,475	₱1,690,206

**Balances shown exclude other non-trade receivables and advances to officers and employees amounting to ₱477.8 million as at December 31, 2025.*

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 ₱5.9 million and ₱11.5 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 5).

Liquidity Risk

There have been no significant changes in the Group's exposure to liquidity risk and in the policies and processes for managing such risk from those disclosed in the audited financial statements as at and for the year ended December 31, 2025.

The Group continues to monitor liquidity risk through recurring cash flow forecasting and funding management. Except as discussed below, there have been no significant changes in the Group's liquidity risk exposure and management practices from those disclosed in the annual financial statements as at December 31, 2025.

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, 2026 and December 31, 2025 based on contractual undiscounted payments.

	September 30, 2026				
	On Demand	Due Within 3 Months	Due Between 3 and 12 Months	Due after 12 Months	Total
Financial Assets					
Cash and Cash Equivalents*	**₱3,124,506**	**₱17,789,699**	**₱–**	**₱–**	**₱20,914,205**
Trade receivables:					
Customers	**2,085,994**	**1,829,047**	**–**	**–**	**3,915,041**
Bulk	**162,526**	**137,481**	**–**	**–**	**300,007**
Non-trade Receivables:					
Employees	**–**	**63,309**	**–**	**–**	**63,309**
Others	**203,725**	**653,317**	**–**	**–**	**857,042**

	September 30, 2026				
	On Demand	Due Within 3 Months	Due Between 3 and 12 Months	Due after 12 Months	Total
Contract Assets	–	1,685,418	–	–	1,685,418
Deposits**	–	–	662,292	73,814	736,106
Financial assets at FVOCI	210,583	–	–	–	210,583
Deposits and restricted cash	–	–	315,241	–	315,241
	5,787,334	22,158,271	977,533	73,814	28,996,952
Financial Liabilities					
Interest-bearing loans***	–	2,086,386	2,105,389	100,465,552	104,657,327
Trade and other payables****	462,312	5,826,512	12,395,382	8,663,542	27,347,748
Service concession obligation payable to MWSS	607,217	964,445	–	6,616,586	8,188,248
Customers' deposits	–	–	–	1,517,633	1,517,633
Lease liabilities*****	–	53,241	134,304	424,973	612,518
	1,069,529	8,930,584	14,635,075	117,688,286	142,323,474
Liquidity position (gap)	₱4,717,805	₱13,227,687	(₱13,657,542)	(₱117,614,472)	(₱113,326,522)

	December 31, 2025				
	On Demand	Due Within 3 Months	Due Between 3 and 12 Months	Due after 12 Months	Total
Financial Assets					
Cash and Cash Equivalents*	₱3,145,149	₱23,639,699	₱–	₱–	₱26,784,848
Trade receivables:					
Customers	1,986,548	1,732,106	–	–	3,718,654
Bulk	152,388	128,905	–	–	281,293
Non-trade Receivables:					
Employees	–	30,174	–	–	30,174
Others	466,347	315,295	–	–	781,642
Contract Assets	–	1,546,060	–	–	1,546,060
Deposits**	–	–	578,465	73,831	652,296
Financial assets at FVOCI	210,583	–	–	–	210,583
Deposits and restricted cash	–	–	272,619	–	272,619
	5,961,015	27,392,239	851,084	73,831	34,278,169
Financial Liabilities					
Interest-bearing loans***	₱–	₱1,525,263	₱2,414,016	₱89,914,700	₱93,853,979
Trade and other payables****	912,055	5,911,784	11,044,760	8,445,448	26,314,047
Service concession obligation payable to MWSS	–	631,385	715,819	7,048,260	8,395,564
Customers' deposits	–	–	–	1,446,234	1,446,234
Lease liabilities*****	–	54,707	164,054	573,674	792,435
	912,055	8,123,239	14,338,649	107,428,316	130,802,259
Liquidity position (gap)	₱5,048,960	₱19,269,000	₱13,487,565	(₱107,354,485)	(₱96,524,090)

**Excludes cash on hand amounting to ₱13,034 and ₱7,911 as at September 30, 2026, and December, 31, 2025, 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 ₱6,289 as at September 30, 2026 and December 31, 2025, in the consolidated statements of financial position.*

Capital Management

There have been no significant changes in the Group's objectives, policies, and processes for managing capital from those disclosed in the audited financial statements as at and for the year ended December 31, 2025.

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, 2026	December 31, 2025
Interest-bearing loans and service concession obligation payable to MWSS (see Notes 10 and 11)	**₱111,482,521**	₱100,953,204
Trade and other payables (see Note 12)	**29,248,922**	29,035,755
Less cash and cash equivalents, deposits and restricted cash (see Notes 4 and 6)	**(21,242,481)**	(27,065,378)
Net debt (a)	**119,488,962**	102,923,581
Net equity	**113,904,410**	109,767,437
Net equity and debt (b)	**₱233,393,372**	₱212,691,018
Gearing ratio (a/b)	**51%**	48%

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, 2026 and December 31, 2025:

	September 30, 2026			
	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	**₱210,584**	**₱ –**	**₱ –**	**₱210,584**
At amortized cost -				
Deposits (included under "Other noncurrent assets" account)	**736,106**	–	–	**645,859**
	₱946,690	**₱ –**	**₱ –**	**₱856,443**
Financial Liabilities				
Other financial liabilities:				
Interest-bearing loans	**₱103,294,273**	**₱ –**	**₱ –**	**₱101,497,410**
Service concession obligation payable to MWSS	**8,188,248**	–	–	**8,117,137**
Customers' deposits	**1,517,633**	–	–	**348,853**
Lease liabilities	**612,518**	–	–	**561,661**
	₱113,612,672	**₱ –**	**₱ –**	**₱110,525,061**

	December 31, 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	₱210,583	₱ –	₱ –	₱210,583
At amortized cost -	–	–	–	–
Deposits (included under "Other noncurrent assets" account)	652,296	–	–	574,973
	₱862,879	₱ –	₱ –	₱785,556

Financial Liabilities

	September 30, 2026			
	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	**₱210,584**	**₱ –**	**₱ –**	**₱210,584**
At amortized cost -				
Deposits (included under "Other noncurrent assets" account)	**736,106**	–	–	**645,859**
	₱946,690	**₱ –**	**₱ –**	**₱856,443**
Financial Liabilities				
Other financial liabilities:				
Interest-bearing loans	**₱103,294,273**	**₱ –**	**₱ –**	**₱101,497,410**
Service concession obligation payable to MWSS	**8,188,248**	–	–	**8,117,137**
Customers' deposits	**1,517,633**	–	–	**348,853**
Lease liabilities	**612,518**	–	–	**561,661**
	₱113,612,672	**₱ –**	**₱ –**	**₱110,525,061**

	December 31, 2025			
	Carrying value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Other financial liabilities:				
Interest-bearing loans	₱92,557,639	₱ –	₱ –	₱97,628,758
Service concession obligation payable to MWSS	8,395,564	–	–	8,831,247
Customers' deposits	1,446,234	–	–	390,352
Lease liabilities	717,079	–	–	706,933
	₱103,116,516	₱ –	₱ –	₱107,557,290

There were no significant changes in the valuation techniques and inputs used in measuring fair values of financial instruments during the period. There were no transfers between levels of the fair value hierarchy during the period.

During the periods ended September 30, 2026 and December 31, 2025, 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, 2026	December 31, 2025
Deposits	**6.09%-7.50%**	5.04%-6.41%
Interest bearing loans	**1.67%-7.62%**	1.82%-6.13%
Service concession obligation payable to MWSS	**2.5%-10.04%**	2.5%-8.89%
Customers' deposits	**7.50%**	6.41%
Lease liabilities	**4.55%-6.90%**	4.77%-6.01%

25. Supplemental Disclosure of Cash Flow Information

The noncash activities pertain to the following for the nine-month periods ended September 30, 2026 and 2025:

a. The noncash operating activities relating to service concession asset amounting to nil as at September 30, 2026 and December 31, 2025, pertain to MWSS loan drawdowns for Bigte-Novaliches Aqueduct No. 7 (BNAQ7) and Kaliwa Dam Project. Borrowing costs capitalized as

part of service concession assets amounted to ₱3,973.9 million and ₱3,068.3 million for the nine-month periods ended September 30, 2026 and 2025, respectively (see Note 7).

b. Noncash operating activities pertaining to application of mobilization fund to service concession asset amounted to ₱2,981.3 million and ₱4,076.5 million, as of September 30, 2026 and December 31, 2025, respectively.

26. Changes in Liabilities Arising from Financing Activities

	January 1, 2026	Cash Flows	Foreign Exchange Movement	Other*	September 30, 2026
Short-term and current portion of interest-bearing loans (Note 11)	₱2,642,939	(₱1,763,333)	₱–	₱1,949,115	₱2,828,721
Noncurrent portion of interest-bearing loans and bonds (Note 11)	89,914,701	12,175,876	251,497	(1,876,522)	100,465,552
Current portion of service concession obligation payable to MWSS (Note 10)	1,472,856	(883,649)	182,913	799,541	1,571,661
Noncurrent portion of service concession obligation payable to MWSS (Note 10)	6,922,708	208	241,211	(547,541)	6,616,586
Interest payable	1,296,340	(4,406,577)	(327,208)	4,800,499	1,363,054
Lease liabilities (Notes 2 and 21)	717,079	(142,635)	–	38,075	612,519
Dividends payable (Note 13)	3,977	(8,438,968)	–	8,438,968	3,977
Total liabilities from financing activities	₱102,970,600	(₱3,459,078)	₱348,413	₱13,602,135	₱113,462,070

**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, 2025	Cash Flows	Foreign Exchange Movement	Other*	December 31, 2025
Short-term and current portion of interest-bearing loans (Note 11)	₱4,186,065	(₱4,222,127)	₱–	₱2,679,000	₱2,642,938
Noncurrent portion of interest-bearing loans and bonds (Note 11)	79,461,471	12,902,332	(141,275)	(2,307,825)	89,914,703
Current portion of service concession obligation payable to MWSS (Note 10)	1,027,255	(932,166)	(89,366)	1,467,134	1,472,857
Noncurrent portion of service concession obligation payable to MWSS (Note 10)	6,294,526	–	54,343	573,838	6,922,707
Interest payable	1,051,763	(5,066,874)	(439,145)	5,750,595	1,296,339
Lease liabilities (Notes 2 and 22)	372,787	(189,897)	–	534,171	717,079
Dividends payable (Note 13)	3,642	(6,399,665)	–	6,400,000	3,977
Total liabilities from financing activities	₱92,397,509	(₱3,908,379)	(₱615,443)	₱15,096,910	₱102,970,600

**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.

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

INDEX TO THE SUPPLEMENTARY SCHEDULES
September 30, 2026
(Amounts in Thousands)

A. Supplementary Schedule on Blue Bonds

B. Supplementary Schedule on Securities Offering

C. Revised Securities Regulation Code Rule 68-J Schedules

- Financial Assets (Schedule A)
- Amounts Receivable from Directors, Officers, Employees, Related Parties and Principle Stockholders (Schedule B)
- Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements (Schedule C)
- Long-Term Debt (Schedule D)
- Indebtedness to Related Parties (Schedule E)
- Guarantees of Securities and Other Issuers (Schedule F)
- Capital Stock (Schedule G)

D. Additional Components
- Supplementary Schedule of Financial Soundness Indicators
- Map of Relationships of the Companies Within the Group

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, 2026

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

1. Gross	₱15,000,000,000
2. Net	₱14,819,864,845

ii. Actual Proceeds

1. Gross	₱15,000,000,000
2. 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, 2026

I. Proceeds	
Balance of Proceeds as of September 30, 2025	₱7,736,749,408
II. Utilization (CAPEX – October 2025 to September 2026):	
Water projects	3,263,162,492
Wastewater projects	2,012,803,430
Balance of Proceeds as of September 30, 2026	**₱2,460,783,486**

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

SUPPLEMENTARY SCHEDULE ON SECURITIES OFFERING
As Required by Revised Securities Regulation Code Rule 68, Annex 68-I
September 30, 2026

On November 7, 2025, the Parent company conducted an Initial Public Offering (IPO), offering up to 1,660.3 million common shares in a primary offer and up to 24.9 million primary common shares in a preferential offer. Additionally, there was an overallotment option of up to 249.0 million primary common shares, with a potential upsize option of up to 354.7 million secondary common shares, all priced at ₱15.00 per share, intended for listing and trading on the Main Board of The Philippine Stock Exchange, Inc.

i. Gross and net proceeds as disclosed the in final prospectus

	Gross Proceeds	Net Proceeds
Sale of the Firm Shares and the Reserved Shares	₱25,278,300,000	₱24,318,700,000
Sale of the Upsize Option Shares	5,320,600,000	5,147,500,000
Sale of the Overallotment Option Shares	3,735,700,000	3,639,800,000

ii. Actual gross and net proceeds

Proceeds as of September 30, 2026	
IPO Net Proceeds as of June 30, 2026	₱25,134,655,872
Less: Additional Offer Expenses for Q3 2026	–
IPO Net Proceeds	**₱25,134,655,872**

iii. Each expenditure item where the proceeds were used

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

Total Disbursements as of June 30, 2026	**₱11,046,446,709**
Capital Expenditure – Q3 2026:	
Water CAPEX	3,126,040,240
Wastewater CAPEX	38,500,000
Customer Service and Information Technology CAPEX	373,869,976
Total Disbursements for Q3 2026	**3,538,410,216**
Total Disbursements	**₱14,584,856,925**

iv. Balance of the proceeds as of September 30, 2026

Unutilized Proceeds as of September 30, 2026	
IPO Net Proceeds as of September 30, 2026	₱25,134,655,872
Less: Total Disbursements	14,584,856,925
Balance of Proceeds as of September 30, 2026	**₱10,549,798,947**

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, 2026

Schedule A. Financial Assets (Amounts in Thousands)

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	₱3,137,540	₱–
Total cash equivalents	17,789,699	(578,272)
	₱20,927,239	(₱578,272)

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, 2026	Additions	Deductions		Current	Noncurrent	Balance as at September 30, 2026
			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, 2026	Additions	Deductions		Current	Noncurrent	Balance as at September 30, 2026
			Amount collected	Amount written off			
Philippine Hydro pH, Inc.	₱592,500	₱47,907	₱–	₱–	₱–	₱–	₱640,407
Amayi Water Solutions, Inc.	256,846	11,247	–	–	–	–	268,093
	₱849,346	₱59,154	₱–	₱–	₱–	₱–	₱908,500

Schedule D. Long-Term Debt

Title of issue and type of obligation	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							
1st drawdown Fixed Corporate Notes – 7Y		March 23, 2025					
1st drawdown Fixed Corporate Notes – 10Y	₱18,500,000	March 23, 2028	Semi-annual	Semi-annual	₱121,915	₱15,391,661	₱15,513,576
1st drawdown Fixed Corporate Notes – 15Y		March 23, 2033					
2nd drawdown Fixed Corporate Notes – 7Y		March 23, 2025					
2nd drawdown Fixed Corporate Notes – 10Y		March 23, 2028					
2nd drawdown Fixed Corporate Notes – 15Y		March 23, 2033			–	14,873,423	14,873,423
₱15.0 billion Blue Bonds	₱15,000,000		Quarterly	Quarterly			
Series A – 5Y		July 12, 2029					
Series B – 10Y		July 12, 2034					
₱10.0 billion Term Loan Facility (MBTC)		March 20, 2034	Semi-annual	Semi-annual *(Starting September 20, 2025)*	125,000	9,627,937	9,752,937
₱10.0 billion Term Loan Facility (BPI)				Semi-annual *(Starting September 25, 2025)*			
	₱10,000,000	March 20, 2034	Semi-annual		125,000	9,570,588	9,695,588
	₱10,000,000	May 11, 2033	Semi-annual	Semi-annual *(Starting November 11, 2024)*			
1st drawdown							
2nd drawdown							
₱6.0 billion Term Loan Facility (BDO)	₱6,000,000	November 17, 2032	Semi-annual	Semi-annual *(Starting May 17, 2024)*	75,000	5,707,189	5,782,189
₱6.0 billion Term Loan Facility (LBP)	₱6,000,000	August 12, 2037	Semi-annual	Semi-annual	300,000	4,460,804	4,760,804
₱5.0 billion Term Loan Facility (LBP)	₱5,000,000	December 14, 2033	Semi-annual	Semi-annual	62,500	4,815,010	4,877,510

(Starting June 14, 2025)

(Forward)

Title of issue and type of obligation	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)
¥13.1 billion Facility Loan (JICA)	¥13,049,000	October 10, 2034	Semi-annual	Semi-annual *(Starting October 10, 2022)*	483,182	3,597,535	4,080,716
₱4.0 billion Term Loan Facility (LBP)	₱4,000,000	November 10, 2032	Semi-annual	Semi-annual *(Starting May 10, 2024)*	50,000	3,798,108	3,848,108
₱4.8 billion Corporate Notes (DBP)	₱4,770,000	March 24, 2035	Semi-annual	Semi-annual *(Starting September 24, 2020)*	318,000	2,373,680	2,691,680
₱5.0 billion Term Loan Facility (BDO)	₱5,000,000	November 29, 2039	Semi-annual	Semi-annual *(Starting May 29, 2021)*	555,556	1,384,120	1,939,675
¥7.9 billion Facility Loan (JCB) *1st drawdown Mizuho Bank, Ltd* *1st drawdown MUFG Bank* *1st drawdown Sumimoto Banking Corp* *2nd drawdown Mizuho Bank, Ltd.* *2nd drawdown MUFG Bank* *2nd drawdown Sumimoto Banking Corp.*	¥7,900,000	June 7, 2027	Semi-annual	Semi-annual *(Starting June 7, 2020)*	418,489	(811)	417,679
Peso-denominated Bank Loan (BPI)	₱2,500,000	March 12, 2035	Semi-annual	Semi-annual *(Starting September 15,2025)*	31,250	2,436,725	2,467,975
Peso-denominated Bank Loan (LBP)	₱2,500,000	March 20, 2035	Semi-annual	Semi-annual *(Starting September 20,2025)*	31,250	2,436,594	2,467,844
Peso-denominated Bank Loan (LBP)	₱4,000,000	March 20, 2035	Semi-annual	Semi-annual *(Starting September 15,2025)*	50,000	3,897,981	3,947,981
Peso-denominated Bank Loan (BPI)	₱4,000,000	July 13, 2035	Semi-annual	Semi-annual *(Starting January 14,2027)*	50,000	3,922,967	3,972,967
Peso-denominated Bank Loan (LBP)	₱3,500,000	March 19, 2036	Semi-annual	Semi-annual *(Starting October 19,2027)*	–	3,474,869	3,474,869

Peso-denominated Bank Loan (BDO)	₱2,500,000	March 19, 2036	Semi-annual	Semi-annual *(Starting October 19,2027)*	–	2,482,029	2,482,029

(Forward)

Title of issue and type of obligation	**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)**
Peso-denominated Bank Loan (BDO)	₱4,000,000	May 25, 2036	Semi-annual	Semi-annual *(Starting December25, 2027)*	–	3,971,534	3,971,534
Peso-denominated Bank Loan (CTBC)	₱2,000,000	May 28, 2031	One-time payment	One-time payment *(May 28, 2031)*	–	1,985,084	1,985,084
Peso-denominated Bank Loan (CTBC)	₱300,000	April 14, 2031	Quarterly	Quarterly *(Starting July 13, 2026)*	31,579	258,523	290,102
					₱2,828,721	**₱100,465,552**	**₱103,294,273**

Schedule E. Indebtedness to Related Parties

Name of related party	Balance at January 1, 2026	Balance at September 30, 2026
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	7,402,603,600	215,393,700	5,252,898,408	4,072,408	–
Philippine Hydro (pH), Inc.	2,500,000	2,500,000	–	–	5	–
Amayi Water Solutions, Inc.	500,000	31,250	–	–	5	–

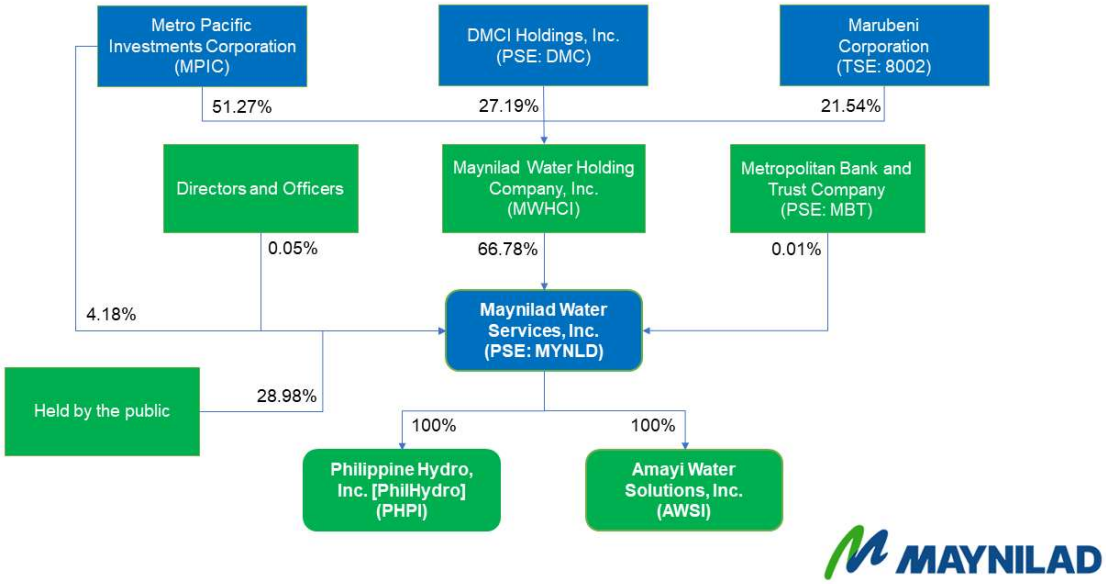
MAYNILAD WATER SERVICES, INC. AND SUBSIDIARIES
(A Subsidiary of Maynilad Water Holding Company, Inc.)

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
September 30, 2026

Ratio	Formula		September 30, 2026	December 31, 2025
Current Ratio	Total Current Assets divided by Total Current Liabilities		**0.80**	0.99
	Total Current Assets	27,806,705		
	Divided by: Total Current Liabilities	34,571,257		
	Current Ratio	0.80		
Asset-to-Equity Ratio	Total Assets divided by Total Equity		**2.30**	2.25
	Total Assets	262,350,277		
	Divided by: Total Equity	113,904,410		
	Asset-to-Equity Ratio	2.30		
Debt-to-Equity Ratio	Total Debt divided by Total Equity		**1.30**	1.25
	Total Debt	148,445,867		
	Divided by: Total Equity	113,904,410		
	Debt-to-Equity Ratio	1.30		
Return on Equity	Net Income divided by Average Total Equity		**0.11**	0.16
	Net Income	12,576,049		
	Divided by: Average Total Equity	111,835,923		
	Return on Equity	0.11		
Return on Assets	Net Income divided by Average Total Assets		**0.05**	0.07
	Net Income	12,576,049		
	Divided by: Average Total Assets	254,855,266		
	Return on Assets	0.05		
EBITDA Margin	Earnings Before Interest, Tax and Depreciation and Amortization divided by Total Revenue		**0.70**	0.69
	Earnings Before Interest, Tax and Depreciation and Amortization	20,117,805		
	Divided by: Total Revenue	28,613,411		
	EBITDA Margin	0.70		
Net Profit Margin	Net Income divided by Total Revenue		**0.44**	0.42
	Net Income	12,576,049		
	Divided by: Total Revenue	28,613,411		
	Net Profit Margin	0.44		

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, 2026



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

RESULTS OF OPERATIONS

Period ended 30 September 2026 compared to the period ended 30 September 2025

Revenues

Total Revenues, which is primarily comprised of revenues from water and wastewater services, grew by ₱960.1 million or 3.5% to ₱28,613.4 million for the period ended 30 September 2026 compared to ₱27,653.3 million for the period ended 30 September 2025. The growth was driven by higher billed volumes and an increase in the average effective tariff, despite a slight shift in customer mix toward the domestic segment. Higher consumption and customer growth across the Residential, Semi-Business, and Commercial segments more than compensated for the decline in Industrial billed volume resulting from lower consumption by certain industrial accounts.

	For the periods ended 30 September		Increase (Decrease)		% of Total Revenues	
In Php000s	**2026**	**2025**	**Amount**	**%**	**2026**	**2025**
OPERATING REVENUE						
Water services						
West zone	22,309,899	21,545,277	764,622	3.5%	78.0%	77.9%
Outside west zone	247,946	282,943	(34,997)	(12.4%)	0.9%	1.0%
Wastewater services						
West zone	5,874,316	5,654,892	219,424	3.9%	20.5%	20.4%
Others	181,250	170,193	11,057	6.5%	0.6%	0.6%
	28,613,411	**27,653,305**	**960,106**	**3.5%**	**100.0%**	**100.0%**

Billed volume generated for customers reached 423.26 million cubic meters (mcm) for the period ended 30 September 2026. This is an increase of 11.33 mcm, or 2.8%, compared to 411.93 mcm for the same period ended 30 September 2025. The growth was primarily attributable to lower non-revenue water (NRW), attributable to Maynilad's sustained NRW reduction programs, including intensified walk-the-line activities, active leak detection, district metered area (DMA) optimization, and pipe replacement and rehabilitation projects.

	Actual YTD	% to	Actual YTD	% to	Vs. Last Year	
Billed volume (mcm)	**Sep-2026**	Total	**Sep-2025**	Total	**mcm**	%
Domestic	**349.74**	82.6%	**338.12**	82.1%	**11.62**	3.4%
Non-Domestic	**73.52**	17.4%	**73.81**	17.9%	**(0.29)**	(0.4%)
Total	**423.26**	100.0%	**411.93**	100.0%	**11.33**	2.8%

On the other hand, water supply in mcm was 611.51 for the period ended 30 September 2026 or a decrease of 31.90 mcm, or 5.0% compared to 643.41 mcm for the same period ended 30 September 2025.

The average all-in tariff per cubic meter (cm) is ₱ 66.59 for the period-ended 30 September 2026, compared to ₱ 66.03 for the same period-ended 30 September 2025, while average cash cost per cm is ₱ 20.09 on 30 September 2026 or ₱1.77 higher than on 30 September 2025 at ₱18.32 or 9.7% increase.

	Actual AO	Actual AO	Vs. Last Year	
Operational Indicators	**Sep-2026**	Sep-2025	**mcm**	%
Water Supply (mcm)	**611.51**	643.41	**(31.90)**	(5.0%)
Water Billed Volume (mcm)	**423.26**	411.93	**11.33**	2.8%
% Water Billed to Supply	**77.63%**	76.14%	**1.49%**	2.0%
Non-Revenue Water (%) DMA	**22.37%**	23.86%	**(1.49%)**	(6.3%)
Non-Revenue Water (%) Total	**30.77%**	35.90%	**(5.13%)**	(14.3%)
Billed Water Services	**1,584,813**	1,561,353	**23,460**	1.5%
Average CM per day	**0.98**	0.99	**(0.01)**	(1.1%)

Costs and Expenses

Consolidated costs and expenses increased by ₱957.6 million or 12.7% to ₱8,505.0 million for the period ended 30 September 2026 compared to ₱7,547.4 million for the period ended 30 September 2025. The significant increase was primarily due to the commencement of operations of new water and wastewater facilities. These facilities incurred ₱418.3 million in operating costs for the period, compared with nil in the prior year, as they were not yet operational. The additional operating costs were mainly driven by light and power and water treatment chemicals, which accounted for 43.1% and 24.8%, respectively, of the new facilities' total operating expenses.

	For the periods ended 30 September		Increase (Decrease)		% of Total Revenues	
In Php000s	2026	2025	Amount	%	2026	2025
COSTS AND EXPENSES						
Personnel Cost	2,363,855	2,249,015	114,840	5.1%	8.3%	8.1%
Light & Power	1,336,135	1,021,363	314,772	30.8%	4.7%	3.7%
Water Treatment Chemicals	827,894	410,831	417,063	101.5%	2.9%	1.5%
Outside Services	1,200,637	1,043,220	157,417	15.1%	4.2%	3.8%
Repairs & Maintenance	659,242	578,069	81,173	14.0%	2.3%	2.1%
Purchased water	31,362	212,524	(181,162)	(85.2%)	0.1%	0.8%
Real estate tax	49,616	48,417	1,199	2.5%	0.2%	0.2%
Franchise Tax	566,788	545,027	21,761	4.0%	2.0%	2.0%
Local Franchise/Business Tax	182,177	167,348	14,829	8.9%	0.6%	0.6%
Representation and Entertainment	126,944	115,535	11,409	9.9%	0.4%	0.4%
Transportation/Fuel & Oil	153,735	81,412	72,323	88.8%	0.5%	0.3%
MWSS MOE	235,280	226,562	8,718	3.8%	0.8%	0.8%
Others	771,335	848,117	(76,782)	(9.1%)	2.7%	3.1%
	8,505,000	7,547,440	957,560	12.7%	29.7%	27.3%

Personnel cost includes salaries, wages, and benefits increased by ₱114.8 million, or 5.1% to ₱2,363.9 million for the period ended 30 September 2026, compared to ₱2,249.0 million for the period ended 30 September 2025. The increase was mainly attributable to higher salaries and wages, as well as increased employee benefits driven by higher headcount.

Light and power increased by ₱314.8 million, or 30.8%, to ₱1,336.1 million, primarily due to the operation of new facilities, which drove higher electricity consumption during the period. The increase was further attributable to higher electricity tariffs and increased production-related energy demand, partially offset by lower consumption in selected network facilities.

Water treatment chemicals expenses increased by ₱417.1 million, or 101.5%, to ₱827.9 million for the period ended 30 September 2026, compared to ₱410.8 million for the period ended 30 September 2025. The increase is mainly due to the chemicals utilized/consumed by the newly operational water treatment plants: Poblacion, 20 MLD (Rendco), and Anabu. Additionally, there is an increase in chemical usage at other facilities, primarily due to the opening of the Low Level Outlet (LLO) from July to August, which increases raw water turbidity. Higher turbidity levels require additional chemical dosing to maintain the required water quality standards.

Expenses for outsourced services increased by ₱157.4 million, or 15.1%, to ₱1,200.6 million for the period ended 30 September 2026, compared to ₱1,043.2 million for the period ended 30 September 2025. The increase was primarily driven by higher costs related to NRW reduction, desludging, fleet support, treatment plant operations and maintenance, facilities management, and outsourced technical services. These were partially offset by lower hauling activities, filtration-related services, and other operational support expenses.

The cost of repairs and maintenance increased by ₱81.2 million, or 14.0%, to ₱659.2 million for the period ended 30 September 2026, compared to ₱578.1 million for the period ended 30 September 2025. The increase was primarily attributable to higher repairs and maintenance expenditures for water treatment plants, particularly Putatan Water Treatment Plant 2 and La Mesa Treatment Plant 1. Also contributing to the increase were costs incurred under existing all works contracts for water service point repairs, meter relocations, and leak repair activities undertaken by various Business Areas, as well as wastewater management-related expenditures for preventive maintenance services (PMS) and reactive maintenance activities.

Purchased water costs decreased by ₱181.2 million, or 85.2%, to ₱31.4 million for the period ended 30 September 2026, compared to ₱212.5 million for the period ended 30 September 2025. The decrease was primarily due to lower purchases of water during the period, as improvements in non-revenue water (NRW) levels reduced water losses and lessened the need to purchase additional water to meet customer demand.

Taxes and licenses, which includes real estate tax, franchise tax and local business taxes, increased by ₱37.8 million, or 5.0%, to ₱798.6 million for the period ended 30 September 2026, compared to ₱760.8 million for the period ended 30 September 2025. The increase was primarily driven by higher National Franchise Tax (+₱21.8 million) and Local

Franchise Tax (+₱14.8 million). The growth in National Franchise Tax was attributable to higher revenues during the year, while the increase in Local Franchise Tax resulted from higher reported collections in the preceding year, which served as the basis for business permit renewals.

Expenses for business meetings and representations increased by ₱11.4 million, or 9.9%, to ₱126.9 million for the period ended 30 September 2026, compared to ₱115.5 million for the period ended 30 September 2025. The increase was primarily attributable to higher representation-related activities, including corporate events, meetings, and stakeholder engagements.

Transportation, Fuel and Oil increased by ₱72.3 million, or 88.8%, to ₱153.7 million for the period ended 30 September 2026, compared to ₱81.4 million for the period ended 30 September 2025. The increase was primarily due to higher fuel consumption arising from increased operational activities across network and treatment facilities. The increase was further attributable to elevated fuel prices during the period resulting from global supply disruptions and geopolitical unrest, partially offset by the absence of significant one-off travel-related expenses incurred in 2025.

MWSS MOE represents Maynilad's share on the maintenance and operating expenses (MOE) of MWSS. Expenses increased by ₱8.7 million, or 3.8%, to ₱235.3 million for the period ended 30 September 2026, compared to ₱226.6 million for the period ended 30 September 2025. The increase was primarily due to the changes in the Consumer Price Index (CPI) for the current period.

Other expenses decreased by ₱76.8 million, or 9.1%, to ₱771.3 million for the period ended 30 September 2026, compared to ₱848.1 million for the period ended 30 September 2025. The decrease was primarily due to the normalization of one-time IPO-related costs incurred in 2025, particularly advertising, promotion, and travel expenses. The decrease was further supported by lower collection charges following the pass-through of a portion of these costs to customers beginning in 2026, partially offset by higher professional fees, insurance, and meeting- and conference-related expenses.

Income before Other Income (Expenses)

With the foregoing, income before other income (expenses) increased by ₱2.5 million to ₱20,108.4 million for the period ended 30 September 2026, compared to ₱20,105.9 million for the period ended 30 September 2025.

	For the periods ended 30 September		Increase (Decrease)		% of Total Revenues	
In Php000s	2026	2025	Amount	%	2026	2025
OPERATING REVENUE	28,613,411	27,653,305	960,106	3.5%	100.0%	100.0%
COSTS AND EXPENSES	8,505,000	7,547,440	957,560	12.7%	29.7%	27.3%
INCOME BEFORE OTHER INCOME (EXPENSES)	**20,108,411**	**20,105,865**	**2,546**	**0.0%**	**70.3%**	**72.7%**

Other Income (Expenses)

	For the periods ended 30 September		Increase (Decrease)		% of Total Revenues	
In Php000s	2026	2025	Amount	%	2026	2025
OTHER INCOME (EXPENSES)						
Interest Expense on loans	(899,217)	(1,237,759)	338,542	(27.4%)	(3.1%)	(4.5%)
Interest Accretion on CF	(512,375)	(492,918)	(19,457)	3.9%	(1.8%)	(1.8%)
Others - net	692,501	(646,434)	1,338,935	(207.1%)	2.4%	(2.3%)
Taxes	(3,044,225)	(3,385,173)	340,948	(10.1%)	(10.6%)	(12.2%)
SCA Amortization - ConFee	(374,246)	(323,687)	(50,559)	15.6%	(1.3%)	(1.2%)
SCA Amortization - PPE	(2,794,028)	(1,987,418)	(806,610)	40.6%	(9.8%)	(7.2%)
Others	(600,772)	(620,885)	20,113	(3.2%)	(2.1%)	(2.2%)
	(7,532,362)	**(8,694,274)**	**1,161,912**	**(13.4%)**	**(26.3%)**	**(31.4%)**

The decrease in taxes as of September 30, 2026, was primarily driven by the periodic reassessment of the method of deduction expected to be applied in future periods, which is performed to align deferred tax calculations with updated projections of future taxable income and business performance.

Interest expense decreased during the period primarily due to the adoption of a refined and acceptable methodology for capitalizing general borrowing costs, resulting in a higher amount of borrowing costs capitalized to qualifying assets.

Others – net – improved by ₱1,338.9 million, or 207.1%, to ₱692.5 million income for the period ended 30 September 2026, compared to ₱646.4 million expenses for the period ended 30 September 2025. This was primarily due to higher

interest income from increased short-term investment placements and lower provisions recognized during the period

Net Income and EBITDA

With the foregoing, net income increased by ₱1,164.5 million, or 10.2%, to ₱12,576.0 million for the period ended 30 September 2026, compared to ₱11,411.6 million for the period ended 30 September 2025.

	For the periods ended 30 September		Increase (Decrease)		% of Total Revenues	
In Php000s	2026	2025	Amount	%	2026	2025
Net Income	12,576,049	11,411,591	1,164,458	10.2%	44.0%	41.3%
EBITDA	20,117,805	19,141,573	976,232	5.1%	70.3%	69.2%

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 OCP as of the current period, 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.

Maynilad's ongoing infrastructure investments continue to drive the expansion of its regulatory investment base, representing the value of assets recognized by the regulator in determining allowable returns under the Revised Concession Agreement.

As of the end of the third quarter of 2026, management estimates the company's Interim Cash Position (ICP) at approximately ₱184.0 billion, reflecting sustained and accelerated capital investments since the beginning of the current rate rebasing period.

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.

FINANCIAL POSITION

As of 30 September 2026 compared against as of 31 December 2025

Assets

In Php000s	September 30 2026	December 31 2025	Increase (Decrease) Amount	%	% of Total Revenues 2026	2025
ASSETS						
Current Assets						
Cash and cash equivalents	20,927,239	26,792,759	(5,865,520)	(21.9%)	73.1%	96.9%
Trade and other receivables	3,344,323	3,121,557	222,766	7.1%	11.7%	11.3%
Contract assets	1,685,418	1,546,060	139,358	9.0%	5.9%	5.6%
Other current assets	1,849,725	2,235,572	(385,847)	(17.3%)	6.5%	8.1%
Total Current Assets	**27,806,705**	**33,695,948**	**(5,889,243)**	**(17.5%)**	**97.2%**	**121.9%**
Noncurrent Assets						
Service concession assets	222,709,934	200,373,499	22,336,435	11.1%	778.3%	724.6%
Property and equipment	2,681,360	2,530,754	150,606	6.0%	9.4%	9.2%
Financial asset at fair value through OCI	210,583	210,583	-	0.0%	0.7%	0.8%
Other noncurrent assets	8,941,695	10,549,471	(1,607,776)	(15.2%)	31.3%	38.1%
Total Noncurrent Assets	**234,543,572**	**213,664,307**	**20,879,265**	**9.8%**	**819.7%**	**772.7%**
	262,350,277	**247,360,255**	**14,990,022**	**6.1%**	**916.9%**	**894.5%**

Cash and cash equivalents were at ₱20,927.2 million as at 30 September 2026, a decrease by ₱5,865.5 million, or 21.9%, from cash and cash equivalents of ₱26,792.8 million as at 31 December 2025. The decrease was due to dividend payouts in March 2026, loan repayments, and increased capital expenditure spending funded by IPO proceeds in line with the Company's expansion plans.

Service concession assets increased by ₱22,336.4 million or 11.1%, to ₱227,709.9 million as at 30 September 2026, compared to ₱200,373.5 million as at 31 December 2025. 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, (ii) an increase in completed projects as of 30 September 2026.

Liabilities

In Php000s	September 30 2026	December 31 2025	Increase (Decrease) Amount	%	% of Total Revenues 2026	2025
Current Liabilities						
Trade and other payables	29,248,922	29,035,755	213,167	0.7%	102.2%	105.0%
Short-term and current portion of interest-bearing loar	2,828,721	2,642,939	185,782	7.0%	9.9%	9.6%
Current portion of service concession obligation payable to MWSS	1,571,662	1,472,856	98,805	6.7%	5.5%	5.3%
Income tax payable	921,952	911,038	10,915	1.2%	3.2%	3.3%
Total Current Liabilities	**34,571,257**	**34,062,588**	**508,669**	**1.5%**	**120.8%**	**123.2%**
Noncurrent Liabilities						
Interest-bearing loans - net of current portion	100,465,552	89,914,700	10,550,852	11.7%	351.1%	325.1%
Service concession obligation payable to MWSS - net of current portion	6,616,586	6,922,708	(306,122)	(4.4%)	23.1%	25.0%
Deferred tax liabilities - net	2,504,902	2,334,142	170,760	7.3%	8.8%	8.4%
Deferred credits	668,395	1,240,613	(572,218)	(46.1%)	2.3%	4.5%
Customers' deposits	716,164	669,983	46,181	6.9%	2.5%	2.4%
Pension liability	418,554	424,751	(6,197)	(1.5%)	1.5%	1.5%
Other noncurrent liabilities	2,484,457	2,023,333	461,124	22.8%	8.7%	7.3%
Total Noncurrent Liabilities	**113,874,610**	**103,530,230**	**10,344,380**	**10.0%**	**398.0%**	**374.4%**
Total Liabilities	**148,445,867**	**137,592,818**	**10,853,049**	**7.9%**	**518.8%**	**497.6%**

Trade and other payables were at ₱29,248.9 million as at 30 September 2026, increase of ₱213.2 million, or 0.7%, from trade and other payables of ₱29,035.8 million as at 31 December 2025. The increase was primarily due to 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 ₱103,294.3 million as at 30 September 2026, an increase by ₱10,736.6 million, or 11.6%, compared to the balance of ₱92,557.6 million as at 31 December 2025, primarily due to ₱12.0 billion in new borrowings obtained during the period.

Deferred tax liabilities – net was at ₱2,504.9 million as at 30 September 2026, an increase by ₱170.8 million, or 7.3%, from deferred tax liabilities of ₱2,334.1 million as at 31 December 2025. The movement was driven by the periodic reassessment of the method of deduction expected to be applied in future periods, which is performed to align deferred tax calculations with updated projections of future taxable income and business performance.

Deferred credits were at ₱668.4 million as at 30 September 2026, a decrease by ₱572.2 million, or 46.1%, from deferred credits of ₱1,240.6 million as at 31 December 2025. 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 0.397 and 0.376 for the Japanese Yen, and 62.640 and 58.790 for the U.S. Dollar as at 30 September 2026 and 31 December 2025, respectively.

Other noncurrent liabilities were ₱2,484.5 million as at 30 September 2026, an increase by ₱461.1 million, or 22.8%, from other noncurrent liabilities of ₱2,023.3 million as at 31 December 2025. This was primarily attributable to the reclassification of certain employee benefit obligations from current to noncurrent liabilities.

Equity

	September 30	December 31	Increase (Decrease)		% of Total Revenues	
In Php000s	2026	2025	Amount	%	2026	2025
Equity						
Capital stock	7,617,997	7,617,997		0.0%	26.6%	27.5%
Other components of equity	31,811,820	31,811,928	(108)	0.0%	111.2%	115.0%
Retained earnings (deficit)	74,474,593	70,337,512	4,137,081	5.9%	260.3%	254.4%
Total Equity	**113,904,410**	**109,767,437**	**4,136,973**	**3.8%**	**398.1%**	**396.9%**
	262,350,277	**247,360,255**	**14,990,022**	**6.1%**	**916.9%**	**894.5%**

Retained earnings increased by ₱4,137.1 million, or 5.9% to ₱74,474.6 million as at 30 September 2026, compared to ₱70,337.5 million as at 31 December 2025. The net increase was primarily due to net income recognized during the period, partially offset by the ₱8,439.0 million cash dividends declared and paid in the first quarter of 2026. Appropriated retained earnings remained at ₱40,736.2 million, as the projects for which the appropriations were made remain ongoing as of the reporting date.