COVER SHEET

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SEC Registration Number

I	P	M		H	O	L	D	I	N	G	S		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	Y

(Company's Full Name)

P	E	N	T	H	O	U	S	E		T	H	E		T	A	I	P	A	N		P	L	A	C	E		F	.			
O	R	T	I	G	A	S		J	R	.		R	O	A	D		O	R	T	I	G	A	S		C	E	N	T	E	R	
P	A	S	I	G		C	I	T	Y																							

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

Atty. Ana Katigbak

Contact Person

8424-2550 to 59/8817-6791

Company Telephone Number

1	2

Month

3	1

Day

Fiscal Year

SEC Form 17-Q **June 30, 2025**

FORM TYPE

4th Wed of May

Month Day

Annual Meeting

Secondary License Type, If Applicable

C	F	D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

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

2. SEC Identification Number: AS095-008557

3. BIR Tax Identification Number: 004-636-077

4. **IPM HOLDINGS, INC.**
Exact name of issuer as specified in its charter

5. Pasig City, Philippines
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City
Address of issuer's principal office Postal Code: 1605

8. (632) 8897-5257/8817-6791
Issuer's telephone number, including area code

9. Unit 103 G/F, Prestige Tower, Condominium F. Ortigas Jr., Avenue
Ortigas Center, Pasig City
Former name, former address and former fiscal year, if changed since last report:

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 Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	690,000,000 shares

11. Are any or all of Corporation's Securities Listed with the Philippine Stock Exchange?

Yes (√) No ( )

12. Indicate by check mark whether the registrant:

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

Yes [ ] No [x]

(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

Please see attached.

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

PLAN OF OPERATIONS

Long term strategic goals and plans

The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000, Republic Act 11898, the Extended Producer Responsibility (EPR) Act of 2022, relevant environmental laws, rules and regulations.

With the technical competency and available solutions, the Group, in partnership with local government units (LGUs) on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, operating and maintaining state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing further destruction of our environment and natural resources.

On September 25, 2019, the Group entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment, operation and maintenance of the Passi City Integrated Waste Management Facility, the first PPP project awarded to BEST. The facility was opened in 2021.

On June 15, 2022, the Group entered into another PPP project with the Provincial Government of Bataan for the design, construction, operation, maintenance and closure of the Bataan Engineered Sanitary Landfill Facility. This facility commenced its operations in the last quarter of 2024.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, the Group plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

With IPM Group's aspiration to transform the waste value chain by creating and implementing innovative and data-driven programs with organizations sharing the same goal of maximizing resource recovery and circularity, the Group launched My Basurero App - a waste collection hauling app that provides sustainable logistics solutions to individuals or organizations wanting to maximize waste diversion and implement proper waste disposal.

The Group believes in the importance of education on the grassroots level to fully realize behavioural change and solve the looming waste problem in the country. With this in mind, the Group launched the Trash to Cashback ("TTCB") Program, an incentivized segregation at source program aiming to convert individuals to eco-warriors using environmental points, product incentives, gamification and challenges. The Trash to Cashback Program is powered by bXTRA Philippines, the first cloud-based customer loyalty program provider. In line with the Extended Producer Responsibility Act of 2022 (RA 11898), the Trash to Cashback Program became the platform for multi-stakeholder participation from LGUs, fast moving consumer goods, waste management solutions providers, recycling partners, and micro, small, and medium enterprises (MSMEs).

With its mission of leading the transformation of waste management in the Philippines, TTCB focuses on (1) innovative, data-driven solutions, fostering collaboration with enterprises and LGUs, (2) empowering communities to drive responsible waste segregation, recycling, and disposal, and (3) fostering a workforce that takes pride in transforming waste into resources.

The TTCB Program continues to make significant strides in waste management and environmental conservation. Through strategic planning, operational efficiency, and strong community involvement, the initiative aims to scale its impact further while maintaining compliance with sustainability goals.

Through TTCB, the Group is actively engaged in diverse initiatives throughout the year which include monthly events, community engagements, and partnerships aimed at increasing awareness and participation in proper segregation and recycling efforts. Its key activities and accomplishments consist of:

- Community Engagement and Events:
    - Monthly activities, such as the Earth Hour, Eco Marathon Launch, DENR/MMDA events, and Information, Education, and Communication (IEC) campaigns with communities of different LGUs, have played a vital role in promoting environmental sustainability.
    - Diageo Harmony and Balik Bote programs aim to increase community awareness regarding the importance of proper disposal and the recyclability of glass bottles. The Diageo Harmony program, in partnership with Diageo Philippines, ran until February 2024. The Balik Bote program, in partnership with San Miguel Foundation was launched in Makati City Hall last March 2024. All collected glass bottles are delivered to San Miguel Yamamura Packaging Corporation (SMYPC) for recycling.
- Eco-Warrior Registrations:
    - 57,050 individuals have registered as eco-warriors.
- Infrastructure Enhancements:
    - Additional bailing machines to improve efficiency in the preparation of recyclables for delivery to the recycling and upcycling partners.
    - Vertical clearance displays for warehouse organization to inform partners for deliveries and hauling.
- EPR Programs:
    - SariCycle, a plastic collection program in partnership with Ajinomoto Philippines Corporation, was launched January 2024 in Quezon City. It aims to activate sari-sari store and carinderia owners to join the program and increase collection of flexible (single-use) plastics in exchange for environmental points and incentives.
    - Tindahan Extra Mile Balik PET Bottle program expands its collection in Bacolod City. A Memorandum of Understanding was signed last March 2024 between Coca Cola Philippines, BEST, Inc. and Bacolod City LGU. During the launch,150 sari-sari store and carinderia owners registered and joined the program. This program aims to increase collection and recycling of PET Bottles while helping micro-retail stores.
- Expansion of Operations:
    - TTCB has reached multiple cities, including Quezon City, Makati City, and Bacolod City, expanding the impact of its waste management efforts through collaboration with these LGUs. TTCB plans to fully implement its programs within Quezon City such as Coca-Cola Philippines' PET Bottle Collection Program, Saricycle with Ajinomoto, additional EPR Programs for rigids, flexibles collection within Quezon City, as well as TTCB expansion in the nearby areas of Caloocan, Valenzuela and Malabon.

With the current and future projects, the Group envisions itself to be the premier partner for enterprises and LGUs in the Philippines. At the same time, we aim for behavior modification and sustainability, by taking

traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the financial position and results of operations of the Parent Company and its subsidiary (the "Group") should be read in conjunction with the attached interim consolidated financial statements as of June 30, 2025.

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

Income

Total consolidated revenues for the six-month period ending June 30, 2025 amounted to Php125.22 million, which increased by Php31.65 million or 34% from the Php93.57 million earned in the same period of 2024. The material changes are as follows:

- Service income increased by Php29.44 million or 33%, from the Php89.32 million in 2024 to Php118.76 million posted in the same period of 2025. This is mainly due to the increase in income from tipping fees, trash to cashback and hauling from private collection.

- Rental income increased by Php2.13 million or 61%, from the Php3.64 million in 2024 to Php5.86 million posted in the same period of 2025. This is attributable mainly to the increase in income from rental of equipment and trucks which are now being used for the Company's own hauling activities.

Expenses

Total consolidated expenses for the six-month period ending June 30, 2025 amounted to Php107.94 million, which increased by Php24.18 million or 29% from the Php83.76 million posted in the same period of 2024. The material changes are as follows:

- Cost of services increased by Php24.72 million or 39%, from Php62.65 million in 2024 to Php87.38 million posted in the same period of 2025. This was attributed to the increase in the cost of rental and repairs and maintenance of trucks and equipment as well as the cost of fuel and oil used in operations.

- The general and administrative expenses decreased by Php2.16 million or 10%, at Php18.95 million in 2025, compared to Php21.11 million posted in the same period of 2024. This was mainly due to the decrease in taxes and licenses as well as the professional fees.

Net Income

For the six-month period ending June 30, 2025 resulted in a net income of Php11.59 million, which has a significant increase of Php4.60 million or 66% as compared to Php7 million posted in the same period of 2024. This is mainly due to the increase in income from tipping fees, trash to cashback and hauling from private collection.

Liquidity and Capital Resource

For the first half of 2025, net cash provided by operating activities amounted to Php74.76 million, which increased by Php47.69 million as compared to Php27.07 million posted in the same period of 2024. This is attributable mainly to the increase in other current assets as well as trade and other payables.

Net cash used in investing activities amounted to Php40.64 million in the first half of 2025, which increased by Php33.60 million as compared to Php7.04 million posted in the same period of 2024. This is mainly due to the acquisition of property and equipment.

Second Quarter Ended June 30, 2025 Compared to Second Quarter Ended June 30, 2024

Income

Total consolidated revenues for the second quarter ended June 30, 2025 amounted to Php63.80 million, which increased by Php14.90 million or 30%, from the Php48.90 million posted in the same period of 2024. The material changes are as follows:

- Service income increased by Php13.90 million or 30%, from the Php46.62 million in 2024 to Php60.52 million posted in the same period of 2025. This is mainly due to the increase in income from tipping fees, trash to cashback and hauling from private collection.

- Rental income increased by Php1 million or 51%, from the Php1.97 million in 2024 to Php2.98 million posted in the same period of 2025. This is attributable mainly to the increase in income from rental of equipment and trucks which are now being used for the Company's own hauling activities.

Expenses

Total consolidated expenses for the second quarter ended June 30, 2025 amounted to Php60.50 million, which increased by Php14 million or 30% from the Php46.46 million posted in the same period of 2024. The material changes are as follows:

- Cost of services amounted to Php48.85 million, which is 49% higher than the Php32.81 million posted in the same period of 2024. This was attributed to the increase in the cost of rental and repairs and maintenance of trucks and equipment as well as the cost of fuel and oil used in operations.

- General and administrative expenses totaled Php10.65 million, which is 22% lower than the Php13.65 million posted in the same period of 2024. This was mainly due to the decrease in taxes and licenses and professional fees.

Net Income

The second quarter of 2025 resulted in a net income of Php1.23 million, which decreased by Php0.40 million or 25% as compared to Php1.65 million posted in the same period of 2024, which was attributed to the increase of provision for income tax.

Liquidity and Capital Resource

For the second quarter ended June 30, 2025, net cash provided by operating activities amounted to Php30.03 million, which increased by Php8.78 million as compared to Php21.24 million posted in the same period of 2024. This is attributable mainly to the decrease in receivables as well as trade and other payables.

Net cash used in investing activities amounted to Php5.48 million for the quarter ended June 30, 2025 as compared to net cash provided by operation amounted to Php14.27 million posted in the same period of 2024 including the dividends received from an associate.

Financial Position as of June 30, 2025 Compared to Financial Position as of December 31, 2024

Statements of financial position data	June 30, 2025	December 31, 2024	% Inc/(Dec)
Total Current Assets	673,784,323	759,031,652	(13%)
Total Assets	1,652,127,250	1,605,401,069	2%
Total Current Liabilities	194,071,061	158,938,448	18%
Total Liabilities	307,423,539	272,290,926	10%
Total Equity	1,344,703,711	1,333,110,143	0.8%

The material changes in the statements of financial position are as follows:

Total consolidated assets slightly increased by 3%, from Php1,605.40 million as of December 31, 2024 to Php1,643.67 million as of June 30, 2025.

- Cash and cash equivalents increased by 134% from Php25.39 million as of December 31, 2024 to Php59.52 million as of June 30, 2025, which increase was mainly due to the proceeds of bank loan.
- Trade and other receivables decreased by 19% from Php658 million in 2024 to Php531.30 million in 2025, which decrease was due to collections of outstanding receivables.
- Other current assets increased by 11% from Php74.96 million in 2024 to Php82.97 million in 2025 This increase was attributed to the prepayments including advances to suppliers for the services to be rendered in relation to trash to cashback software application of the Group.
- Meanwhile, noncurrent assets increased by 16% from Php846.37 million in 2024 to Php978.34 million in 2025. This increase was attributed to the developments in the BESLF as well as the land acquisition in Quezon City.

Total consolidated liabilities amounted to Php307.42 million in 2025, which saw an increase of Php35.13 million or 13% from Php272.29 million in 2025. This increase was mainly due to the availment of bank loans and trade and other payables.

Total stockholders' equity slightly increased by .9%, from Php1,333.11 million in 2024 to Php1,344.70 million in 2025, reflecting the income for the current period.

Current ratio decreased from 4.78x as of December 31, 2024 to 3.47x as of June 30, 2025, while the net working capital decreased to Php479.71 million as of June 30, 2025 from Php600.09 million as of December 31, 2024.

Key Performance Indicators

The company's key performance indicators are as follows:

KPI	Calculation	June 30, 2025	December 31, 2024
Current Ratio (1)	Current Assets/Current Liabilities	**3.47**	4.78x
Quick Ratio (2)	Current Assets-Inventory-Prepaid Expenses /Current Liabilities	**3.04x**	4.30x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	**0.14x**	0.20x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	**1.95**	1.93
Income per Share (5)	Net Income/Weighted Average Number of Shares Outstanding	**0.02**	(0.08)

		June 30, 2025	December 31, 2024
(1)	Current Ratio	673,784,323/194,071,061	759,031,652/158,938,448
(2)	Quick Ratio	590,817,164/194,071,061	684,067,448/158,938,448
(3)	Debt to Equity	307,423,539/1,344,703,711	272,290,926/1,333,110,143
(4)	Book Value/Share	1,344,703,711/690,000,000	1,333,110,143/690,000,000
(5)	Income per Share	11,593,568/690,000,000	(55,778,121)/690,000,000

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is also known as the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid.

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company.

Book Value per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities then divide that total by the number of common shares outstanding.

Income per Share is computed by dividing the net income by the weighted average number of common shares outstanding.

Other Matters

a) There were no known trends, demands, commitments, events or uncertainties that had or will have a material impact on the Company's liquidity other than those discussed in the Plan of Operation, Item 2- Management's Discussion and Plan of Operations.
b) There were no known events that triggered direct or contingent financial obligation that is material to the Company including any default or acceleration of an obligation.
c) There were no material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationship of the company with unconsolidated entities or other persons created during the reporting period.
d) There were no material commitments for capital expenditures.
e) There were no other known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net sales or income other than what was mentioned in the Plan of Operation, Item 2 – Management's Discussion and Analysis;
f) There were no significant elements of income or loss that did not arise from the Company's continuing operations.
g) There were no seasonal aspects that had material effect on the financial condition or results of operation.

PART II – OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

Not Applicable

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : IPM HOLDINGS, INC.

ISABELITA P. MERCADO
Chairman and Chief Executive Officer

Date: AUGUST 13, 2025

FRANCIS NEIL P. MERCADO
Treasurer and Chief Financial Officer

Date: AUGUST 13, 2025

IPM HOLDINGS, INC. AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	June 30, 2025 Unaudited	December 31, 2024 Audited
Assets			
Current assets			
Cash	2	59,520,370	25,392,688
Receivables, net	3	531,296,794	658,674,760
Other current assets, net	4	82,967,159	74,964,204
Total current assets		673,784,323	759,031,652
Non-current assets			
Investments in an associate and a joint venture	5	178,328,948	178,328,948
Deposits	6	1,988,034	1,988,034
Investment properties, net	7	47,336,051	48,281,427
Property and equipment, net	8	330,036,703	302,533,352
Right-of-use asset, net	9	1,382,241	1,870,095
Deferred income tax assets, net	17	24,690,569	24,690,569
Other non-current assets	10	394,580,381	288,676,992
Total non-current assets		978,342,927	846,369,417
Total assets		1,652,127,250	1,605,401,069
Liabilities and Equity			
Current liabilities			
Trade and other payables	11	141,486,415	130,953,887
Loan payable	12	49,500,000	25,000,000
Lease liability	9	1,019,211	1,019,211
Income tax payable		2,065,435	1,965,350
Total current liabilities		194,071,061	158,938,448
Non-current liabilities			
Provision for rehabilitation of sanitary landfills	20	109,055,174	109,055,174
Lease liability, net of current portion	9	540,278	540,278
Net pension liability	19	3,757,026	3,757,026
Total non-current liabilities		113,352,478	113,352,478
Total liabilities		307,423,539	272,290,926
Equity			
Share capital	13	690,000,000	690,000,000
Retained earnings	13	537,442,421	529,140,939
Accumulated share in other comprehensive loss of the associate	5	(194,590)	(194,590)
Other reserves	13	(299,858,419)	(299,858,419)
Total equity attributable to Parent Company		927,389,412	919,087,930
Non-controlling interest	25	417,314,299	414,022,213
Total equity		1,344,703,711	1,333,110,143
Total liabilities and equity		1,652,127,250	1,605,401,069

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six Months Ended June 30	
	Notes	**2025**	**2024**
Revenue and other income			
Service income	14	118,758,247	89,323,106
Interest income	2, 18	600,840	3,640,757
Rental income	7, 18, 21	5,856,298	605,853
		125,215,385	93,569,716
Cost and expenses			
Cost of services	15	87,377,005	62,652,600
General and administrative expenses	16	18,953,014	21,108,365
Interest expense	9, 12, 20	1,609,491	-
		107,939,510	83,760,965
Income before income tax		17,275,875	9,808,751
Provision for income tax	17	5,682,307	2,811,653
Net income for the quarter		11,593,568	6,997,098
Other comprehensive income (loss)			
Other comprehensive income (loss) for the year		-	-
Total comprehensive income for the quarter		11,593,568	6,997,098
Net income attributable to:			
Shareholders of the Parent Company		8,301,482	4,814,065
Non-controlling interests		3,292,086	2,183,003
		11,593,568	6,997,098
Total comprehensive income attributable to:			
Shareholders of the Parent Company		8,301,482	4,814,065
Non-controlling interests		3,292,086	2,183,003
		11,593,568	6,997,098
Basic/Diluted earnings per share		0.012	0.007

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Quarters Ended June 30	
	Notes	**2025**	**2024**
Revenue and other income			
Service income	14	60,521,002	46,623,497
Interest income	2, 18	301,660	303,323
Rental income	7, 18, 21	2,975,491	1,973,968
		63,798,153	48,900,788
Cost and expenses			
Cost of services	15	48,849,767	32,814,419
General and administrative expenses	16	10,651,828	13,649,977
Interest expense	9, 12, 20	999,900	-
		60,501,495	46,464,396
Income before income tax		3,296,658	2,436,392
Provision for income tax	17	2,065,435	787,388
Net income for the quarter		1,231,223	1,649,004
Other comprehensive income (loss)			
Other comprehensive income (loss) for the year		-	-
Total comprehensive income for the quarter		1,231,223	1,649,004
Net income attributable to:			
Shareholders of the Parent Company		651,790	928,072
Non-controlling interests		579,433	720,932
		1,231,223	1,649,004
Total comprehensive income attributable to:			
Shareholders of the Parent Company		651,790	928,072
Non-controlling interests		579,433	720,932
		1,231,223	1,649,004
Basic/Diluted earnings per share		0.0009	0.001

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the Parent Company						
			Other reserves				
	Share capital (Note 13)	Retained earnings (Note 13)	Equity reserve (Note 13)	Actuarial losses on defined benefit obligation (Note 19)	Share in actuarial losses on defined benefit obligation of the associate	Non-controlling interests (Note 25)	Total equity
Balances at April 1, 2025	690,000,000	536,790,628	(298,498,391)	(1,360,028)	(194,590)	416,734,869	1,343,472,488
Total comprehensive income							
Net income for the second quarter of 2025	-	651,790	-	-	-	579,433	1,231,223
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income		651,790				579,433	1,231,223
Balances at June 30, 2025	690,000,000	537,442,418	(298,498,391)	(1,360,028)	(194,590)	417,314,302	1,344,703,711
Balances at January 1, 2024	690,000,000	571,971,303	(298,498,391)	(1,387,944)	(194,590)	426,960,665	1,388,851,043
Total comprehensive income							
Net loss for the year	-	(42,830,364)	-	-	-	(12,947,757)	(55,778,121)
Other comprehensive income/(loss)	-	-	-	27,916	-	9,305	37,221
Total comprehensive income		(42,830,364)		27,916		(12,938,452)	(55,740,900)
Balances at December 31, 2024	690,000,000	529,140,939	(298,498,391)	(1,360,028)	(194,590)	414,022,213	1,333,110,143
Balances at April 1, 2024	690,000,000	575,857,296	(298,498,391)	(1,387,944)	(194,590)	428,422,766	1,394,199,137
Total comprehensive income							
Net income for the second quarter of 2024	-	928,072	-	-	-	720,932	1,649,004
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income		928,072				720,932	1,649,004
Balances at June 30, 2024	690,000,000	576,785,368	(298,498,391)	(1,387,944)	(`194,590)	429,143,698	1,395,848,141

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the Parent Company						
			Other reserves				
	Share capital (Note 13)	Retained earnings (Note 13)	Equity reserve (Note 13)	Actuarial losses on defined benefit obligation (Note 19)	Share in actuarial losses on defined benefit obligation of the associate	Non-controlling interests (Note 25)	Total equity
Balances at January 1, 2025	690,000,000	539,140,939	(298,498,391)	(1,360,028)	(194,590)	414,022,213	1,333,110,143
Total comprehensive income							
Net income for the six months period	-	8,301,482	-	-	-	3,292,086	11,593,568
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income		8,301,482				3,292,086	11,593,568
Balances at June 30, 2025	690,000,000	547,442,421	(298,498,391)	(1,360,028)	(194,590)	417,314,299	1,344,703,711
Balances at January 1, 2024	690,000,000	571,971,303	(298,498,391)	(1,387,944)	(194,590)	426,960,665	1,388,851,043
Total comprehensive income							
Net loss for the year	-	(42,830,364)	-	-	-	(12,947,757)	(55,778,121)
Other comprehensive income/(loss)	-	-	-	27,916	-	9,305	37,221
Total comprehensive income		(42,830,364)		27,916		(12,938,452)	(55,740,900)
Balances at December 31, 2024	690,000,000	529,140,939	(298,498,391)	(1,360,028)	(194,590)	414,022,213	1,333,110,143
Balances at January 1, 2024	690,000,000	571,971,303	(298,498,391)	(1,387,944)	(194,590)	426,960,665	1,388,851,043
Total comprehensive income							
Net income for the six months period	-	4,814,065	-	-	-	2,183,033	6,997,098
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income		4,814,065				2,183,033	6,997,098
Balances at June 30, 2024	690,000,000	576,785,368	(298,498,391)	(1,387,944)	(`194,590)	429,143,698	1,395,848,141

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Quarters Ended June 30	
	Notes	**2025**	**2024**
Cash flows from operating activities			
Income before income tax		3,296,658	2,436,639
Adjustments for:			
Depreciation and amortization	7, 8, 9, 10	10,478,692	5,216,131
Interest expense	9, 12, 20	999,900	-
Interest income	2, 18	(301,660)	(303,323)
Operating income before working capital changes		14,473,590	7,349,200
Decrease (increase) in:			
Receivables		12,396,144	(3,754,307)
Other current assets		(1,026,453)	(3,611,501)
Increase (decrease) in trade and other payables		(704,980)	16,883,510
Net cash flows generated from operations		25,138,302	16,866,902
Interest received		301,660	303,323
Interest paid		(999,900)	-
Income taxes paid		5,582,222	4,065,028
Net cash flows provided by operating activities		30,022,283	21,235,253
Cash flows from investing activities			
Other non-current assets			
Dividends received from an associate		-	16,000,000
Acquisition of property and equipment	8	(5,482,287)	(1,727,365)
Net cash flows provided by (used in) investing activities		(5,482,287)	14,272,635
Cash flows from financing activities			
Proceeds on short-term bank loan		-	-
Net cash flows used in financing activities		-	-
Net increase (decrease) in cash		24,539,996	35,507,888
Cash at beginning of period	2	34,980,374	49,950,307
Cash at end of period	2	59,520,370	85,458,195

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Six Months Ended June 30	
	Notes	**2025**	**2024**
Cash flows from operating activities			
Income before income tax		17,275,874	9,808,751
Adjustments for:			
Depreciation and amortization	7, 8, 9, 10	15,498,286	9,373,910
Interest expense	9, 12, 20	1,609,491	-
Interest income	2, 18	(600,839)	(605,853)
Operating income before working capital changes		33,782,812	18,576,808
Changes in working capital:			
Decrease (increase) in:			
Receivables		126,231,521	(20,664,485)
Other current assets		(112,441,308)	(6,307,693)
Increase (decrease) in:			
Trade and other payables		22,618,082	30,798,300
Net cash flows generated from operations		70,191,107	22,402,930
Interest received		600,839	605,853
Interest paid		(1,609,491)	
Income taxes paid		5,582,221	4,065,028
Net cash flows provided by operating activities		74,764,676	27,073,811
Cash flows from investing activities			
Other non-current assets		-	(23,044,170)
Dividends received from an associate		-	16,000,000
Additions of intangibles	10	-	-
Acquisition of property and equipment	8	(40,636,994)	-
Additions to advances to landowner		-	-
Net cash flows used in investing activities		(40,636,994)	(7,044,170)
Cash flows from financing activities			
Proceeds on short-term bank loan		-	-
Net cash flows used in financing activities		-	-
Net increase (decrease) in cash		34,127,682	20,029,641
Cash at beginning of period	2	25,392,688	65,428,554
Cash at end of period	2	59,520,370	85,458,195

IPM HOLDINGS, INC.

INTERIM PARENT STATEMENT OF FINANCIAL POSITION

	June 30, 2025	December 31, 2024
	Unaudited	Audited
Assets		
Current assets		
Cash	74,405	345,538
Other current assets, net	212,686	-
Total current assets	287,091	345,538
Non-current asset		
Investment in a subsidiary	485,375,000	485,375,000
Total assets	485,662,091	485,720,538
Liabilities and Equity		
Current liabilities		
Advances from related party	5,802,255	4,302,255
Accrued expenses and other payables	816,744	800,416
Total liabilities	6,618,999	5,102,671
Equity		
Capital stock	690,000,000	690,000,000
Deficit	(210,956,908)	(209,382,133)
Total equity	479,043,091	480,617,867
Total liabilities and equity	485,662,091	485,720,538

IPM HOLDINGS, INC.

INTERIM PARENT STATEMENT OF COMPREHENSIVE INCOME

	Quarters Ended June 30	
	2025	**2024**
Income		
Interest	70	54
	70	54
Expenses		
Directors' per diem	400,000	520,000
Professional fees	215,000	258,590
Salaries and wages	186,000	191,000
Entertainment, amusement and recreation	13,500	117,229
Stock exchange listing fee	65,417	62,500
Rent	40,179	40,179
Transportation	12,071	15,996
Meeting expense	27,809	-
Miscellaneous	126,281	29,284
	1,086,577	1,234,777
Income/(loss) before income tax	(1,086,507)	(1,234,723)
Income tax expense		-
Net income/(loss)	(1,086,507)	(1,234,723)
Other comprehensive income		-
Total comprehensive income/(loss)	(1,086,507)	(1,234,723)

IPM HOLDINGS, INC.

INTERIM PARENT STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended June 30	
	2025	**2024**
Income		
Interest	109	82
	109	82
Expenses		
Directors' per diem	400,000	520,000
Professional fees	350,000	393,590
Salaries and wages	372,000	382,000
Stock exchange listing fee	127,917	125,000
Entertainment, amusement and recreation	27,000	132,076
Rent	80,357	80,357
Transportation	22,571	32,446
Taxes and licenses	18,088	16,048
Advertising	12,500	-
Meeting expense	27,809	-
Office supplies	321	9,295
Miscellaneous	136,321	44,304
	1,574,884	1,735,116
Income/(loss) before income tax	(1,574,775)	(1,735,034)
Income tax expense		-
Net income/(loss	(1,574,775)	(1,735,034)
Other comprehensive income		-
Total comprehensive income/ (loss)	(1,574,775)	(1,735,034)

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IPM HOLDINGS, INC.

INTERIM PARENT STATEMENT OF CHANGES AND EQUITY

	Capital stock (Note 6)	Deficit	Total equity
Balances at April 1, 2025	690,000,000	(209,870,400)	480,129,600
Net loss for the second quarter	-	(1,086,507)	(1,086,507)
Balances at June 30, 2025	690,000,000	(210,956,908)	479,043,092
Balances at January 1, 2024	690,000,000	(205,395,039)	484,604,961
Net income for the year	-	(3,987,094)	(3,987,094)
Balances at December 31, 2024	690,000,000	(209,382,133)	480,617,867
Balances at April 1, 2024	690,000,000	(205,895,350)	484,104,650
Net loss for the second quarter	-	(1,234,723)	(1,234,723)
Balances at June 30, 2024	690,000,000	(207,130,073)	482,869,927

IPM HOLDINGS, INC.

INTERIM PARENT STATEMENTS OF CHANGES AND EQUITY

	Capital stock (Note 6)	Deficit	Total equity
Balances at January 1, 2025	690,000,000	(209,382,133)	480,617,867
Net loss for the six months period	-	(1,574,775)	(1,574,775)
Balances at June 30, 2025	690,000,000	(210,956,908)	479,043,092
Balances at January 1, 2024	690,000,000	(205,395,039)	484,604,961
Net income for the year	-	(3,987,094)	(3,987,094)
Balances at December 31, 2024	690,000,000	(209,382,133)	480,617,867
Balances at January 1, 2024	690,000,000	(205,395,039)	484,604,961
Net loss for the six months period	-	(1,735,034)	(1,735,034)
Balances at June 30, 2024	690,000,000	(207,130,073)	482,869,927

IPM HOLDINGS, INC.

INTERIM PARENT COMPANY STATEMENTS OF CASH FLOWS

	Quarters Ended June 30	
	2024	2024
Cash flows from operating activities		
Income (loss) before income tax	(1,086,507)	(1,234,723)
Adjustments for:		
Interest income	(70)	(54)
Dividend income	-	-
Operating loss before changes in working capital	(1,086,577)	(1,234,777)
Changes in operating assets and liabilities		
Decrease in other current assets, net	18,442	32,591
(Decrease) in accrued expenses and other payables	(103,093)	(122,423)
Net cash used in operations	(1,171,227)	(1,324,609)
Interest received	70	54
Net cash flows used in operating activities	(1,171,227)	(1,324,555)
Cash flows from a financing activity		
Proceeds from advances from related party	1,000,000	1,500,000
Net increase (decrease) in cash	(171,157)	175,445
Cash at April 1	245,563	150,026
Cash at June 30	74,405	325,471

IPM HOLDINGS, INC.

INTERIM PARENT STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2025	2024
Cash flows from operating activities		
Income (loss) before income tax	(1,574,775)	(1,735,034)
Adjustments for:		
Interest income	(109)	(82)
Operating loss before changes in working capital	(1,574,884)	(1,735,116)
Changes in working capital		
Decrease (increase) in:		
Other current assets, net	(212,686)	(191,678)
Increase (decrease) in:		
Accrued expenses and other payables	16,328	(12,318)
Net cash used in operations	(1,771,242)	(1,939,113)
Interest received	109	82
Income tax paid	-	-
Net cash flows used in operating activities	(1,771,242)	(1,939,030)
Cash flows from a financing activity		
Proceeds from advances from related party	1,500,000	2,000,000
Net increase (decrease) in cash	(271,132)	60,970
Cash at January 1	345,537	264,501
Cash at June 30	74,405	325,471

IPM Holdings, Inc. and Subsidiary
Notes to the Interim Consolidated Financial Statements

1 Corporate information

General information

IPM Holdings, Inc. (the "Parent Company") was incorporated and organized in the Philippines on August 31, 1995, to engage in the business as an investment holding company. The registered office of the Parent Company, which is also its principal place of business is Penthouse, The Taipan Place F. Ortigas Jr. Road Ortigas Center, Pasig City.

The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE) under the ticker "IPM". As at June 30, 2025 and December 31, 2024, the percentage ownership of the top four beneficial shareholders of the Parent Company follows:

	Percentage of ownership
IPM Construction and Development Corporation (IPMCDC)	51%
IPM Environmental Services, Inc. (IPMESI)	10%
IPM Realty and Development Corporation (IPMRDC)	7%
Public	32%

IPMCDC, IPMESI and IPMRDC were incorporated in the Philippines. The ultimate parent company is IPMCDC, a company incorporated in the Philippines and a duly organized construction firm with a contractors' license AAAA category in general building and general engineering works, engaged in building construction, excavation and slope protection, foundation works, roads, highways and bridges, mining, dam rehabilitation, and engineered sanitary landfill construction, among others.

The Parent Company's subsidiary, Basic Environmental Systems and Technologies, Inc. (BEST) was incorporated in the Philippines. BEST is engaged in contracting and consulting business for
waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services. The Parent Company owns 75% of the shareholding of BEST as at June 30, 2025 and December 31, 2024. The Parent Company and its subsidiary are collectively referred to as the "Group".

2 Cash

Cash consist of:

	30-Jun-2025	31-Dec-2024
Cash on hand	438,261	438,261
Cash in banks	59,082,109	24,954,427
	59,520,370	25,392,688

Cash in banks earn interest at the prevailing bank deposit rate.

3 Receivables, net

Receivables, net as at June 30, 2025 and December 31, 2024 consist of:

	Notes	30-Jun-2025	31-Dec-2024
Trade receivables			
Related parties	18	456,327,602	552,603,332
Local government units (LGUs)		38,752,202	42,153,498
Private entities		46,785,187	40,449,044
		541,864,991	635,205,874
Allowance for impairment losses		(20,677,945)	(20,677,945)
		521,187,046	614,527,929

Receivables from related parties			
Loans	18	31,000,000	58,000,000
Interest	18	12,701,620	12,111,460
Advances	18	-	10,882,480
Others	7, 18		-
		43,701,620	80,993,940
Allowance for impairment losses	18	(43,111,460)	(43,111,460)
		590,160	37,882,480
Advances to officers and employees		3,392,333	3,450,124
Advances to joint venture		6,127,255	2,814,227
		9,519,588	6,264,351
		531,296,794	658,674,760

Trade receivables pertain to receivables from services rendered and rental of equipment earned by the Group in the ordinary course of its business operations. Trade receivables are non-interest bearing and are collectible on demand.

Advances to officers and employees mainly pertain to various advances for expenditures in relation to bidding activities of the Group. These are non-interest bearing and subject to liquidation within one (1) year.

The movements of the Group's allowance for impairment losses on trade receivables as of June 30, 2025 and December 31, 2024 are as follows:

	30-Jun-2025	31-Dec-2024
At January 1	20,677,945	15,875,036
Provision	-	4,802,909
	20,677,945	20,677,945

In 2024, the Group recognized impairment loss on loans and interest receivables from related parties amounting to P43,111,460 (Note 18). No similar losses in 2023 and 2022.

4 Other current assets, net

Other current assets, net as at June 30, 2025 and December 31, 2024 consist of:

	30-Jun-2025	31-Dec-2024
Prepayments	65,826,816	49,615,690
Input value-added tax (VAT)	15,865,167	13,458,082
Deferred input VAT	-	11,730,843
Creditable withholding taxes	7,630,892	6,515,305
Recyclables inventory	3,568,669	3,568,669
Miscellaneous deposits	15,669	15,669
	92,907,213	84,904,258
Less: Allowance for impairment loss	(9,940,054)	(9,940,054)
	82,967,159	74,964,204

Prepayments include prepaid real property taxes, advertisement and advances to suppliers for the services to be rendered in relation to trash to cashback software application of the Group.

Deferred input VAT pertains to the Group's input VAT on purchases of goods or services that can be claimed upon payment for the goods or services.

Input VAT arises from purchases of goods and services from VAT-registered suppliers.

Recyclables inventory pertains to recyclable materials which are traded by customers for the trash to cashback program.

Creditable withholding taxes can be applied against income tax payable.

Movements and details of allowance for impairment loss are as follows:

	Note	30-Jun-2025	31-Dec-2024
At January 1		9,940,054	9,767,432
Provision	16	-	172,622
		9,940,054	9,940,054

As at June 30, 2025 and December 31, 2024, the Group recognized provision for allowance of impairment loss on creditable withholding taxes, input VAT, and prepaid taxes as the management assessed that these are no longer recoverable.

5 Investments in an associate and a joint venture

The details of the Group's investments in an associate and a joint venture accounted for under the equity method as at June 30, 2025 and December 31, 2024 are as follows:

	Associate Metro Clark Waste Management Corporation (MCWM)		Joint Venture Ecoedge Resources Corporation (ERC)		Total	
	30-Jun-25	31-Dec-24	30-Jun-25	31-Dec-24	30-Jun-25	31-Dec-24
Cost	32,393,358	32,393,358	51,412,499	51,412,499	83,805,857	83,805,857
Accumulated share in net earnings (losses):						
Balance at January 1	146,195,042	178,855,952	(51,412,499)	(51,412,499)	94,782,543	127,443,453
Equity in net earnings (losses)	-	(16,660,910)	-	-		(16,660,910)
Dividends during the year	-	(16,000,000)	-	-		(16,000,000)
Balance at December 31	146,195,042	146,195,042	(51,412,499)	(51,412,499)	94,782,543	94,782,543
Accumulated share in other comprehensive loss:						
Remeasurement loss on retirement obligation, net of tax	(259,452)	(259,452)	-	-	(259,452)	(259,452)
	178,328,948	**178,328,948**	**-**	**-**	**178,328,948**	**178,328,948**

5.1 MCWM

MCWM was incorporated on March 6, 2002 with the primary purpose of managing, supervising and operating a waste management system for the efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of commercial, industrial and other waste garbage, refuse and similar items and engaging in related activities. The registered business address of MCWM is at Clark Special Economic Zone, Clark Field, Pampanga.

MCWM's long-term lease over the sanitary landfill expired on October 6, 2024. MCWM actively engaged in negotiations with the lessor for lease renewal. However, the lessor denied the renewal request. Consequently, MCWM has not been able to continue operating its landfill facilities.

In 2024, MCWM filed a case asserting that its contract with the lessor provides for a 50-year lease over its landfill facilities, contrary to the lessor's position that the lease term is limited to 25 years. The case sought judicial reformation of the contract and confirmation of the 50-year lease term. The Regional Trial Court (RTC) dismissed the case with prejudice. The Company elevated the matter to the Court of Appeals (CA), which subsequently dismissed its Petition for Certiorari. A Motion for Reconsideration remains pending, and the Company may pursue an appeal before the Supreme Court, if warranted.

Equity in net loss for the year ended December 31, 2024 includes P36.39 million representing the Group's proportionate share in impairment losses on associate's property and equipment arising from a possible closure of the landfill facilities.

5.2 ERC

On November 6, 2013, the Group entered into a joint venture agreement with Lafarge Industrial Ecology International, S.A. (LIEI) to organize and establish ERC to engage in the development, utilization of renewable energy sources for non-power applications, and in particular, the production, processing, packaging, distribution and/or sale of fuel generated from municipal solid waste, such as refuse derived fuel, and pursuant thereto, to establish renewable energy systems or facilities, and to engage in any activity pursuant or incidental thereto. ERC was incorporated on November 27, 2013 and its registered address is Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

The cumulative unrecognized share in net losses of ERC amounted to P27.72 million as at December 31, 2024 (2023 - P22.31 million; 2022 - P16.14 million).

There are no significant restrictions on the ability of the associate and the joint venture to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group.

On March 19, 2025, the management of ERC has decided to cease the business operations of ERC considering the agreement of the Group and Lafarge Industrial Ecology International, SA ("LIEI") as the Joint Venture Partners with reference to ERC's continuous negative working capital, operating losses, liquidity constraints, and capital deficiency position (Note 18).

6 Deposits

As at June 30, 2025 and December 31, 2024, the Group has outstanding deposits as surety bond amounting to P1.99 million. These deposits were made in favor of Group's contracting parties, which are government offices, so that the completion of the project is guaranteed. If the Group fails to execute the services according to the specifications laid out in the respective contracts, the government offices will receive guaranteed compensation for any monetary loss up to the amount of the performance bond.

7 Investment properties, net

Details and movements of investment properties, net as at June 30, 2025 and December 31, 2024 are as follows:

	Notes	Land	Condominium units	Total
Cost				
January 1 and December 31, 2024			74,000,000	74,000,000
Disposals			-	-
June 30, 2025		-	74,000,000	74,000,000
Accumulated depreciation				
January 1, 2025		-	25,718,573	25,718,573
Depreciation for the quarter	16	-	945,376	945,376
June 30, 2025		-	26,663,949	26,663,949
Net book values				
June 30, 2025		-	47,336,051	47,336,051
December 31, 2024			48,281,427	48,281,427

Land pertains to a property located in Taytay, Rizal with currently undetermined use. In 2023, the Group sold the land to a related party with a net book value of P70,320,000 for P100,000,000, which resulted in a gain of disposal of P29,680,000.

Condominium units consist of two (2) units leased out for office space. In 2023, the management decided to lease out one of the condominium units to a third party previously occupied by the Group. As such, the Group transferred the condominium unit from property and equipment with a cost and accumulated depreciation amounting to P29,237,960 and P8,225,954, respectively, to investment property.

Total rental income earned from the lease of condominium units for the year ended December 31, 2023 amounted to P4.13 million (2022 and 2021 - P2.45 million) (Note 21). There are no other direct operating expenses incurred in relation to these investment properties aside from depreciation for the three years ended December 31, 2023.

The Group's investment properties are initially measured at cost, including transaction costs. Thereafter, investment properties are accounted for using the cost model as the accounting policy elected by the Group.

8 Property and equipment, net

Details and movements of property and equipment, net as at June 30, 2025 and December 31, 2024 are as follows:

	Notes	Land and land improvements	Condominium unit and improvements	Transportation and heavy equipment	Office furniture and fixtures	Development costs	Leasehold Improvements	ARO - Asset (Note 20)	Construction-in-progress	Total
Cost										
At January 1, 2024		132,914,160	1,591,653	128,471,335	9,823,092	268,304,257	4,415,648	28,994,460	13,999,395	588,514,000
Additions		-	-	4,752,576	1,275,904	7,179,317	6,465,650	56,834,629	41,065,237	117,573,313
Other adjustments		-	-	-	-	52,225,868	-	-	(52,225,868)	-
At December 31, 2024		132,914,160	1,591,653	133,223,910	11,098,996	327,709,442	10,881,298	85,829,089	2,838,765	706,087,313
Additions		-	-	-	683,605	39,708,390	245,000	-	-	40,636,994
Transfers	7	-	-	-	-	-	-	-	-	-
At June 30, 2025		132,914,160	1,591,653	133,223,910	11,782,601	367,417,832	11,126,298	85,829,089	2,838,765	746,724,308
Accumulated depreciation and amortization										
At January 1, 2024		22,982,489	1,565,112	124,288,201	8,497,873	212,140,709	793,186	11,663,525	-	381,931,095
Depreciation and amortization	15, 16	1,759,461	9,366	1,190,966	437,885	16,423,212	1,329,059	472,917	-	21,622,866
Transfers										
At December 31, 2024		24,741,950	1,574,478	125,479,167	8,935,758	228,563,921	2,122,245	12,136,442	-	403,553,961
Depreciation and amortization	15, 16	1,659,273	4,683	1,020,868	269,421	9,049,839	1,129,560	-	-	13,133,644
Transfers	7	-	-	-	-	-	-	-	-	-
At June 30, 2025		26,401,223	1,579,161	126,500,035	9,205,179	237,613,760	3,251,805	12,136,442	-	416,687,605
Net book values										
At June 30, 2025		106,512,937	12,492	6,723,876	2,577,422	129,804,072	7,874,493	73,692,647	2,838,765	330,036,703
At December 31, 2024		108,172,210	17,175	7,744,743	2,163,238	99,145,521	8,759,053	73,692,647	2,838,765	302,533,352

The Group's property and equipment have no restrictions or not pledged as security for any liability.

On July 1, 2023, the Group transferred the condominium unit to investment property previously used by the Group as office space with the cost and accumulated depreciation amounted to P29,237,960 and P8,225,954, respectively. The Group leased out the condominium unit to a third-party in 2023 (Note 7).

In 2024, the Group's total capitalized borrowing cost included in the additions amounted to P1,166,667. Unpaid interest as at December 31, 2024 amounted to P134,222 (Notes 11 and 12). The capitalization rate used by the Group is disclosed in Note 12 which is the interest rate related to the loans from the state-owned bank. There is no similar transaction in 2023.

Based on the results of management assessment, the Group believes that there are no indications that the property and equipment are impaired or the carrying values are not recoverable as at June 30, 2025 and December 31, 2024.

9 Leases

9.1 The Group as a lessee

(a) Long-term lease agreements

On September 26, 2023, the Group entered into a lease agreement for the lease of office space commencing on November 1, 2023 until October 31, 2026. The fixed quarterly rental amounts to P267,010 subject to a 5% increasing rate annually. Also, the Group is required to pay security deposit amounting to P249,570 (Note 10).

(i) Right-of-use asset and lease liability in the consolidated statements of financial position

Details and movements of right-of-use asset, net as at June 30, 2025 and December 31, 2024 are as follows:

	30-Jun-2025	31-Dec-2024
Cost		
January 1	2,927,112	2,927,113
Additions	-	
December 31	2,927,112	2,927,113
Accumulated amortization		
January 1	1,057,018	81,310
Amortization (Note 16)	487,852	975,708
	1,544,870	1,057,018
Net book values	1,382,241	1,870,095

In 2023, lease payments prior to commencement of lease is capitalized directly to right-of-use asset amounting to P249,570 which pertains to advance rental to be applied in the last quarter of the lease term.

Details and movements of lease liability as at June 30, 2025 and December 31, 2024 are as follows:

	30-Jun-2025	31-Dec-2024
January 1	1,019,211	2,440,781
Additions	-	-
Interest expense	-	129,467
Payment of interest	-	(129,467)
Payment of principal	-	(881,292)
December 31	-	1,559,489
Current lease liability	1,019,211	1,019,211
Non-current lease liability	540,278	540,278

9.2 The Group as a lessor

The Group entered into a lease agreement with a third party for a lease of condominium unit for a period of two (2) years effective from July 1, 2023 until June 20, 2025 and automatically expiring at the end of the lease term. Other relevant information is disclosed in Note 7.

10 Other non-current assets

Other non-current assets as at June 30, 2025 and December 31, 2024 consist of:

	30-Jun-2025	31-Dec-2024
Advances to landowners	390,921,800	284,087,000
Intangible assets, net	3,409,010	4,340,422
Security deposit	249,570	249,570
	394,580,380	288,676,992

Advances to landowners pertain to a partial payment for purchase of land for a Public-Private Partnership project of the Group and purchase of land from a related party amounting to P17 million and P267.09 million, respectively (Note 18). As at reporting date, the Group is securing all the required permits and the requisite right-of-way acquisition necessary for the future operations of the project.

Intangible assets pertain to My Basurero App which was completed towards the end of 2021 and partnered with bXTRA, a related entity, wherein the customers earn cashback for every waste disposal.

11 Trade and other payables

Trade and other payables as at June 30, 2025 and December 31, 2024 consist of:

	Note	30-Jun-2025	31-Dec-2024
Trade payables			
Related parties	18	279,793	-
Third parties		6,010,681	6,816,515
		6,290,474	6,816,515
Deferred output VAT		50,419,119	62,290,670
Output VAT		64,077,096	50,923,129
Advances from customers		15,892,536	7,500,000
Accrued expenses		3,547,997	1,898,123
Payable to government agencies		1,259,193	1,391,228
Interest payable		-	134,222
		141,486,415	130,953,887

Trade payables comprise of payables in the contracting and consulting operations of the Group to provide waste disposal services. These are non-interest bearing and are due and demandable.

Payable to government agencies pertain to documentary stamp tax, withholding tax on compensation and expanded withholding tax. These also include liabilities arising from contributions to Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund, which are remitted within one month from the reporting period.

Accrued expenses pertain to accruals of professional fees, salaries and wages and professional services which are normally settled within 12 months.

12 Loan payable

On December 28, 2022, the Group entered in a term loan agreement with a state-owned bank for a commitment of principal loan amount up to P55 million in accordance with the terms and conditions of the agreement. The proceeds of any loan granted to the Group shall be used to partly finance the construction of cell 1 of the category 4 sanitary landfill in Brgy. Capitangan, Abucay, Bataan under the PPP project with the Provincial Government of Bataan up to 70% of the total Project Cost or validated cost, whichever is lower.

In 2024, the Group received a loan proceeds of P25 million for its first drawdown with an interest rate of 8.0% per annum, reviewable and payable quarterly. As of June 30, 2025, the Group received total loan proceeds of P49.50 million including the P24.50 received on February 21, 2025. The Group shall repay the loan in seven (7) years, inclusive of a two (2) year grace period on principal, the principal payable in twenty (20) equal quarterly installments to commence at the end of the 9th quarter from the date of initial drawdown until fully paid.

13 Equity

(a) Share capital

Share capital of the Parent Company as at June 30, 2025 and December 31, 2024 are as follows:

	Authorized		Issued	
	Shares	Amount	Shares	Amount
Common shares at P1 par value per share	740,000,000	740,000,000	690,000,000	690,000,000

In accordance with Annex 68-K of Revised SRC Rule 68, below is a summary of the Parent Company's track record of registration of securities.

Common shares	Number of shares registered	Issue/Offer price	Date of approval
180,000,000	180,000,000	1.00	August 31, 1995
10,000,000	10,000,000	1.00	April 14, 2010
500,000,000	500,000,000	1.00	June 11, 2013
690,000,000	690,000,000		

The Parent Company's unissued authorized capital stock amounted to P50,000,000 as at June 30, 2025 and December 31, 2024.

The number of holders of securities of the Parent Company as at June 30, 2025 and December 31, 2024 is 114 shareholders.

(b) Equity reserve arising from reverse acquisition

The equity reserve amounting to P298,498,391 pertains to the difference in capital structure of IPMHI and BEST and recognition of deficit of IPMHI during the date of acquisition in 2013, as the retained earnings of the consolidated financial statements represents retained earnings of BEST before acquisition adjusted by post-acquisition results of the Group. This transaction did not qualify as a business combination as defined in PFRS 3 "*Business Combination*" but a share-based payment transaction whereby BEST has received the net assets of the Parent Company.

(c) Retained earnings

As at June 30, 2025 and December 31, 2024, the portion of retained earnings corresponding to the undistributed equity in net earnings of the associate amounted to P146,195,042, are not available for distribution as dividends until declared by the associate. BEST's excess unappropriated retained earnings over paid in-capital as at June 30, 2025 amounts to P201.86 million (2024 – P188.69 million).

On December 15, 2023, the Board of Directors of BEST approved the declaration of cash dividends amounting to P30,001,575 or P0.05212 per share in favor of shareholders of record as of the date of declaration. On December 18, 2023, IPMHI and BEST agreed via an offsetting agreement to offset the payable from dividends declared by BEST on December 15, 2023 amounting to P25,297,745 against the outstanding advances payable by IPMHI to BEST as at this date amounting to P25,600,000. The remaining dividends declared to the non-controlling interest amounting to P4.70 million is outstanding as at December 31, 2023 which was paid in 2024.

As at June 30, 2025, the Group's management retained the unappropriated retained earnings in anticipation of major capital intensive pipeline projects which will be implemented in 2025 and beyond.

14 Service income

Service income for the second quarters and six months ended June 30 consist of:

	Quarters Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Income from tipping fee	38,699,132	29,730,734	78,423,167	57,377,277
Hauling income	10,251,113	10,439,748	21,379,234	20,182,841
Trash to cashback	10,207,221	5,089,479	16,228,774	9,035,915

Consultancy/field services	1,363,536	1,363,536	2,727,072	2,727,073
	60,521,002	46,623,497	118,758,247	89,323,106

Income from tipping fee are the fees charged by the Group to customers, usually LGUs, for the given quantity of residual wastes received at the landfill facility.

Hauling income pertains to the house-to-house collection of garbage and delivery as well as waste collection from commercial and private establishments to the sanitary landfill of the waste collected.

Trash to cashback pertains to the fee from implementation of programs and activities for waste segregation and recyclable collection and the sale of recyclable materials derived from such programs and activities.

Consultancy/field services pertain to the Group's revenue from maintaining and operating the sanitary landfill facility in Passi City.

15 Cost of services

Cost of services for the second quarters and six months ended June 30 consist of:

	Quarters Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Subcontracting costs (Note 15)	-	1,823,724	-	2,910,950
Depreciation and amortization	9,695,962	4,069,986	14,060,373	7,776,354
Rent	11,483,109	7,500,810	20,333,924	15,879,188
Salaries, wages and employee benefits	8,757,024	7,175,043	17,584,354	13,591,778
Fuel and oil	3,371,058	677,526	7,896,150	1,093,002
Transportation and travel	670,058	270,265	926,446	546,307
Supplies	744,800	499,448	1,618,324	1,458,104
Security and janitorial	1,416,234	969,298	2,533,015	1,521,248
Taxes and licenses	979,442	626,913	2,041,960	1,161,862
Entertainment, amusement & recreation	282,092	449,425	546,170	903,090
Repairs and maintenance	6,178,367	3,982,464	9,611,283	6,606,645
Materials		265,625	340,000	265,625
Professional fees	175,000	-	-	29,688
Marketing	2,265,366	-	4,453,538	-
Utilities	1,057,371	862,485	1,775,031	1,266,609
Others	1,773,884	3,641,407	3,656,437	7,642,150
	48,849,767	32,814,419	87,377,005	62,652,600

Others include management fees, bid expenses, subscription and documentation fees.

16 General and administrative expenses

General and administrative expenses for the second quarters and six months ended June 30 consist of:

	Quarters Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Salaries, wages and employee benefits	4,213,084	3,704,424	7,999,362	7,888,340
Taxes and licenses	447,203	4,946,568	759,985	5,210,932
Professional fees	365,000	1,131,590	595,833	1,707,305
Consultancy	1,202,572	-	2,297,572	-
Depreciation and amortization	538,802	814,827	950,059	1,597,557
Entertainment, amusement and recreation	-	460,131	-	686,775
Repairs and maintenance	183,421	44,994	282,268	176,977
Directors' fee	400,000	520,000	400,000	520,000
Fuel and oil	112,316	139,391	235,010	263,942
Office supplies	55,539	77,389	262,296	320,807
Transportation and travel	451,277	392,998	708,588	455,389
Stock exchange listing fee	65,417	62,500	127,917	125,000
Utilities	112,525	412,867	224,837	535,463

Rent	372,929	320,272	745,857	640,543
Advertising and promotion	971,449	-	1,293,945	-
Registration fee	-	-	119,000	-
ROU Amortization	243,927	-	487,854	-
Insurance	-	53,426	-	96,717
Others	916,367	568,600	1,462,630	882,618
	10,651,828	13,649,977	18,953,014	21,108,365

Other expenses include bank charges, membership fee, bid expense, uniform expense, subscription fee, testing fee and miscellaneous expense.

18 Related Party Transactions (RPT)

In the normal course of business, the Group transacts with companies which are considered related parties.

The coverage of the Group's Material Related Party Transactions is any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on the latest audited financial statements. Transactions amounting to ten percent (10%) or more of the total consolidated assets that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the Group's policy.

Related Party Transaction Committee tasked with reviewing all material RPTs which should be composed of at least three (3) non-executive directors, two (2) of whom should be independent, including the Chairman. After the review and evaluation of the material RPTs, the committee shall endorse the same to the BOD for approval.

All individual material RPTs shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Group's total consolidated assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The table below summarizes the Group's transactions and balances with its related parties as at June 30, 2025 and December 31, 2024 consist of:

		30-Jun-2025		31-Dec-2024		
	Notes	Transactions	Receivable (Payable)	Transactions	Receivable (Payable)	Terms and conditions
Trade receivables						
Shareholders						
IPMCDC (a) (b)		3,054,659	213,116,306	4,225,089	199,179,167	These receivables are collectible in cash, non-interest bearing, due and demandable. These are secured by traded shares and freehold land, with aggregate fair values higher than the carrying amount of receivables
IPMESI (d)		-	145,626,574	-	252,461,374	
Affiliate						
JV BEST Inc. and IPMCDC (c)		-	97,500,000	-	100,000,000	
bXTRA (h)		-	-	-	906,729	
Joint Venture						
ERC (e)		28,661	84,722	53,571	56,062	
	3		456,327,602		552,603,322	
Advances						
Shareholder						
IPMCDC (g)	3	-	-	10,882,480	10,882,480	These advances will be applied to the subsequent billings.
IPMESI (d)	10	106,834,800	373,921,800	267,087,000	267,087,000	These advances are partial payments for purchase of parcel of land.

	Notes	30-Jun-2025 Transactions	30-Jun-2025 Receivable (Payable)	31-Dec-2024 Transactions	31-Dec-2024 Receivable (Payable)	Terms and conditions
Affiliate						
bXTRA (h)	4	2,539,539	40,224,941	22,072,942	42,867,937	These advances are subject to liquidation.
Loans						
Shareholder						
IPMCDC (b)	3	-	-	27,000,000	27,000,000	This loan is collectible in cash, non-interest bearing, unsecured and due within 1 year.
Joint Venture						
ERC (f)	3	-	31,000,000	-	31,000,000	This loan is collectible in cash, interest bearing, unsecured and due upon maturity
	3	590,160	12,701,620	1,180,320	12,111,460	
			43,701,620		70,111,460	
Trade payables						
Shareholder						
IPMCDC (g)		50,660,214	207,216	-	-	This is payable in cash, non-interest bearing, unsecured and due on demand
Accrued expenses						
Affiliate						

(a) On August 28, 2020, IPMCDC and the Group's JV has entered into a service agreement with the Group for hauling services in CDO from February 1, 2020 to January 31, 2021 at a price not to exceed P13.50 million (VAT inclusive) per month. The agreement is subsequently renewed until January 31, 2023. It was no longer renewed thereafter, hence there is no income recognized in 2024. In 2023, the Group reported an income from this agreement which amounted to P12.05 million (2022 - P144.64 million) included in hauling income under service income in the consolidated statement of total comprehensive income (Note 14).

BEST charges IPMCDC for transportation and heavy equipment rental fees. Total equipment rental income for the year ended December 31, 2024 amounted to P4.22 million (2023 and 2022 - P0.99 million, P3.20 million, respectively) which is presented separately in the consolidated statement of total comprehensive income.

(b) In 2019, BEST had an agreement with IPMCDC that receivables will be collectible upon demand. Further, on December 27, 2019, BEST entered into a memorandum of agreement (MOA) with IPMCDC wherein the latter assigned 54,200,000 shares of the IPMHI to guaranty the former's receivables from IPMCDC amounting to P314.45 million.

On January 31, 2023, management reduced the shares guaranteed by IPMCDC to 35,000,000 shares of IPMHI. On December 26, 2024, the parties have executed a memorandum of agreement which states that IPMCDC offered to increase the number of pledged shares to 100,000,000 shares of stock in IPM Holdings, Inc. and commits to pay BEST its total liability on or before December 31, 2025. In consequence of default, BEST has the right to foreclose the pledged shares upon 30 working days after prior written notice to IPMCDC in accordance with the terms of the MOA.

In 2024, BEST granted non-interest bearing loans to IPMCDC amounting to P27 million which shall be payable in cash within one (1) year.

(c) On August 28, 2020, IPMCDC and the Group's JV has entered into a service agreement with BEST for hauling services in CDO from February 1, 2020 to January 31, 2021 at a price not to exceed P13.50 million (VAT inclusive) per month. The service agreement has been renewed from February 1, 2021 to January 31, 2023; however, it was no longer renewed thereafter. In 2024, the Group received partial collections from the outstanding receivables amounting to P30 million (2023 - P46.10 million).

On March 20, 2025, IPMCDC has declared and guaranteed the payment of the P100 million outstanding obligation of JV BEST, Inc. and IPMCDC to BEST which shall remain in force until JV BEST, Inc. and IPMCDC or IPMCDC has fully paid the obligations.

(d) In prior years, IPMESI has contracted BEST for the operation and maintenance of an Integrated Solid Waste Management Facility for a fixed monthly fee of P15.58 million. The contract was terminated in August 2017 and was not renewed in 2018.

On April 26, 2018, BEST entered a MOA with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares, respectively, of IPMHI to guaranty BEST's receivables from IPMESI amounting to P693.75 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 70,000,000 shares and 30,000,000 shares of the IPMHI held by IPMESI and IPMRDC, respectively) from IPMESI due to be paid in installment until 2023.

On December 13, 2023, BEST and IPMESI executed a Memorandum of Understanding (MOU) which states that should there be proceeds from the sale of substantially freehold land, as discussed below, owned by IPMESI the payment will be given to the following order: (1) all taxes, assessments and governmental charges; (2) all reasonable expenses of sales and (3) obligation to the Group. In event that the land of IPMESI is not sold, IPMESI agrees to offer the land as an additional security until the obligations are settled.

The land, which is free of any lien or encumbrances, has an estimated minimum fair value of P960 million (12 hectares at minimum value of P18,000 per square meter based on verifiable zonal value). Management estimates that the market value of the land, given its location and accessibility, is significantly higher than the zonal value. As at December 31, 2023, IPMESI is pursuing informal offers from major real estate developers, to sell the land.

In 2024, IPMESI sold a parcel of land to BEST which was previously included in the collateral properties in the MOU for an agreed contract price of P534.17 million. During the year, BEST made a down payment of P267.09 million upon signing the contract to sell and presented as advances to landowner under the other non-current assets in the consolidated statement of financial position. The remaining balance will be paid in tranches upon lapsing of 3 months after signing of contract to sell, execution of deed of absolute sale and transfer and issuances of new title in favor of BEST. The advances will be reclassified to property and equipment once the ownership will pass to the Group. In March 2025, BEST made the first payment of P106.83 million of the remaining balance.

(e) BEST has an existing lease agreement with ERC, whereby the latter, shall lease a portion of BEST's office space which is renewable upon mutual agreement by the parties. The contract is renewed annually. The Group recognizes rent income from the agreement and any outstanding balance is expected to be paid in cash. Total rental income for the years ended December 31, 2024 and 2023 amounted to P0.05 million which is presented separately in the consolidated statement of total comprehensive income.

(f) In 2014, BEST granted loans to ERC amounting to P19 million with 3.864% interest rate per annum and P12 million with 3.718% interest rate per annum which are due and demandable. In 2018, BEST agreed with ERC the fixing of date of collection of the former's receivable to the latter. Receivables pertaining to interest amounting to P3 million are collectible within (1) year. The principal amounting to P31 million and interest income and receivable amounting to P1.18 million are collectible within five (5) years from 2018.

In 2019, BEST agreed with ERC that the principal balance amounting to P31 million and interest receivable amounting to P6.21 million are collectible within five (5) years. Loan receivable from ERC amounted to P31 million as at June 30, 2025 and December 31, 2024.

On March 19, 2025, the management of ERC decided to cease the operations of ERC in consideration of its continuing losses, negative working capital, liquidity constraints, and capital deficiency position. Consequently, BEST evaluated and assessed that the outstanding receivables from ERC as at December 31, 2024 amounting to P31 million and P12.1 million principal and interest, respectively, are no longer collectible, hence, a provision for impairment losses on these receivables were recognized for the entire amount for the year ended December 31, 2024 (Note 3).

(g) IPMCDC charges the Group for the rental of equipment, subcontracted services, salaries and wages, fuel and oil and repairs and maintenance costs incurred in line with the operations of BEST.

On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2020 to January 31, 2021 at a price not to exceed P12.50 million (VAT inclusive) per month. The service agreement has been renewed from February 1, 2021 to January 31, 2023; however, it was no longer renewed thereafter. In 2024, no subcontractor costs were incurred by the Group in relation to this agreement (2023 - P11.06 million).

(h) BEST has an existing agreement with bXTRA in relation to the implementation of Trash-to-Cash Back (TTCB) program. This agreement includes the continuous development and maintenance of the software utilized for the TTCB initiative. In 2024, advances provided to bXTRA amounted to P22.07 million which is subject to liquidation in accordance with the terms of agreement. In 2024, BEST recognized marketing expenses from bXTRA's liquidations amounting to P8.82 million which is presented within other expenses under cost of services in the consolidated statement of total comprehensive income (Note 15).

BEST has an existing lease agreement with bXTRA for a period of two (2) years, whereby the latter shall lease a portion of BEST's condominium office space. The lease was not renewed thereafter. As at December 31, 2024, the outstanding receivable from bXTRA from these office rentals amounted to P0.90 million.

19 Retirement benefit obligation

The Group has a funded, non-contributory defined benefit pension plan that covers all regular full-time employees. Under its defined benefit plan, the Group provides a retirement benefit equal to 22.5 days' pay for every year of credited service in accordance with the Retirement Pay Law (RA 7641). The benefit is paid lump sum upon retirement or separation in accordance with the terms of the plan. The law does not require minimum funding of the plan. The retirement obligation is determined using the "Projected Unit Credit" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year. Actuarial valuation of the retirement benefits was sought from an independent actuary as at December 31, 2024.

The Group's retirement fund is administered by Metropolitan Bank and Trust Company (the Trustee) under the supervision of the Board of Trustees (BOT) of the plan which delegates the implementation of the investment policy to the Trustee. The fund is subject to the investment objectives and guidelines established by the Trustee and rules and regulations issued by Bangko Sentral ng Pilipinas covering assets under trust and fiduciary agreements. The Trustee is responsible for the investment strategy of the plan. The latest actuarial valuation date of the Group's retirement plan is as of June 30, 2025 and December 31, 2024.

Details of the Group's retirement benefits are as follows:

	30-Jun-2025	31-Dec-2024
Retirement benefit obligation	3,757,026	3,757,026
Retirement benefit expense	-	586,549
Remeasurements recognized in other comprehensive income (loss)	-	37,221

Details of retirement benefit obligation in the statements of financial position as at June 30, 2025 and December 31, 2024 are as follows:

	30-Jun-2025	31-Dec-2024
Present value of defined benefit obligation	3,757,026	4,184,530
Fair value of plan assets	-	(427,504)
	3,757,026	3,757,026

20 Provision for rehabilitation of sanitary landfills

Details and movements of the provision for rehabilitation of sanitary landfills as of June 30, 2025 and as of December 31, 2024 are as follows:

	30-Jun-2025	31-Dec-2024
At January 1	109,055,174	50,061,522
Additions	-	56,834,629
Accretion	-	3,434,352
Adjustment	-	(1,275,329)
At	109,055,174	109,055,174

Under Republic Act 9003, the Ecological Solid Waste Management Act of 2000, the Group, being the owner and operator of the Facility is responsible for the proper physical closure of the Facility after it has been fully utilized up to its maximum capacity.

The Group shall prepare for Morong, Passi, and Bataan Projects, carry out and complete a Closure Action Plan, which shall be approved by the Department of Environment and Natural Resources - Environmental Management Bureau (DENR - EMB). The implementation of the approved Closure Action Plan shall include the following:

a. Stabilization of critical slopes or reformation of shape/slope;
b. Provision of waste storage bank, suitable retaining wall or embankment structures;
c. Installation of final soil cover and suitable vegetation;
d. Provision of proper drainage systems to channel rainwater from the disposal site to the discharge drains and;
e. Provision of adequate facilities for the management of the landfill gas and leachate.

(a) Morong Project

In 2024, the Group made a reassessment of the timing of estimated funding of rehabilitation works for Morong Project to align with the full utilization of the total remaining capacity of the Facility which resulted in an adjustment to provision for rehabilitation amounted to P1,275,329 (2023 - P2,181,666).

(b) Passi Project

In 2023, the Group recognized an addition to the provision for closure and rehabilitation of Passi Sanitary Landfill which consist of 82% of the total future rehabilitation costs which is based on the pro-rata participation interest of 82:18 (Group: CLGU) as part of the agreement with the City of Passi.

(c) Bataan Project

In 2024, the Group recognized an addition to the provision for closure and rehabilitation of Bataan Sanitary Landfill as part of the agreement with Provincial Government of Bataan.

Accretion expense is presented under interest expense in the consolidated statements of total comprehensive income.

The Group recognized the environmental obligations for its Passi, Morong, and Bataan Projects. Details of the Group's provision for rehabilitation of sanitary landfills as at June 30, 2025 and December 31 are as follows:

	30-Jun-2025	31-Dec-2024
Morong	32,343,053	32,343,053
Passi	19,877,492	19,877,492
Bataan	56,834,629	56,834,629
	109,055,174	109,055,174

21 Major contracts and agreements

Government agreements

(a) Service agreements

The Group entered into contractual commitments with various municipalities of Rizal and other LGUs for tipping and disposal of residual wastes. Each agreement is effective for one year, renewable every year under the same terms and conditions unless, otherwise, mutually agreed upon by the parties. The related agreement is effective in 2024 and 2023.

(b) Joint operation agreement

On September 25, 2019, the Group entered into an agreement with the City of Passi, Iloilo (CLGU), a local government unit and a political subdivision of the Government of the Republic of the Philippines. The Project shall comprise of the planning, preparation, development, financing, engineering, construction, procurement, and installation of the Passi City Integrated Waste Management Facility, as well as its management, operation, maintenance, and physical closure, thereafter, including the transfer of the sanitary landfill upon termination date of the agreement. The Project shall be utilized as the final disposal site for solid waste generated by the members of the Passi City Cluster of LGUs. The Project site comprises of a parcel of land in Passi City, Iloilo, owned by the CLGU. The Group shall undertake the financing, design, engineering, construction and installation of the sanitary landfill, as well as its operation and maintenance, and conduct its physical closure and turn over to the CLGU at the termination of the agreement. In consideration of the

services to be provided by the Group, Passi City and the member LGUs under the cluster shall pay the Group, on a monthly basis, a tipping fee per metric ton of solid waste disposed to the sanitary landfill. The parties shall have the following pro-rata participation interest of 82:18 (BEST:CLGU) based on the annual net income after tax of the Project. The agreement shall become effective upon signing date and will expire on the date when the sanitary landfill has been utilized up to its maximum capacity.

In 2019, the Group started the design and engineering of the sanitary landfill and has capitalized expenses as part of Development Cost. The Passi City Integrated Waste Management Facility opened in 2021.

The Group classified its joint arrangement with the CLGU as "Joint Operation" since the joint arrangement's legal form does not confer separation between the parties and separate vehicle, the parties have the rights to the assets and obligations for the liabilities in proportion to the interests agreed by parties.

(c) Joint venture agreement

The Group entered into a Joint Venture Agreement (JVA) with the Provincial Government of Bataan for the design, construction, operation, maintenance and closure of Bataan Engineered Sanitary Landfill Facility (BESLF) located at Barangay Capitangan, Municipality of Abucay, Bataan.

The Group shall contribute the cost of land, construction and development of landfill, operation and maintenance cost and Provincial Government of Bataan shall contribute construction and development of access road to the facility.

The Group shall remit to the Provincial Government of Bataan a fee equivalent to 2% of the gross income of the BESLF operation (i.e. collection of all tipping fees) on a quarterly basis and profit share equivalent to 1.05% of the gross income on an annual basis.

The agreement shall become effect upon signing of the contract and will expire until the final approved closure, rehabilitation, post-closure management and implement of post-closure land use plan of the Project site. The term shall include eight (8) years of operations or until the date when the facility has been utilized up to its maximum capacity whichever comes earlier which the parties may agree to extend the terms subject to the remaining capacity and the conditions of the facility at the time.

In November 2024, the BESLF started its tipping service operations.

22 Segment information

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding and (2) service. Details of the Group's business segments are as follows:

	30-Jun-2025				
	Investment holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Service income	-	118,758,247	118,758,247	-	118,758,247
Rental income from external customer	-	5,856,298	5,856,298	-	5,856,298
Interest income	109	600,730	600,840	-	600,840
	109	125,215,275	125,215,384	-	125,215,384
Cost and expenses					
Cost of services	-	87,377,005	87,377,005	-	87,377,005
General and administrative expenses	1,574,884	17,378,130	18,953,014	-	18,953,014
Interest expense	-	1,609,491	1,609,491	-	1,609,491
	1,574,884	106,364,626	107,939,510	-	107,939,510
Income before tax	(1,574,775)	18,850,649	17,275,874	-	17,275,874
Benefit from income tax	-	5,682,306	5,682,306	-	5,682,306
Net income	(1,574,775)	13,168,343	11,593,568	-	11,593,568

	31-Dec-2024				
	Investment holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Service income	-	197,532,611	197,532,611	-	197,532,611
Rental income from external customer	-	10,719,270	10,719,270	-	10,719,270
Intersegment rental income	-	160,714	160,714	(160,714)	-
Interest income	155	1,211,873	1,212,028	-	1,212,028
Adjustment of provision for rehabilitation	-	1,275,329	1,275,329	-	1,275,329
	155	210,899,797	210,899,952	(160,714)	210,739,238
Cost and expenses					
Cost of services	-	152,539,387	152,539,387	-	152,539,387
General and administrative expenses	3,987,249	47,344,430	51,331,679	(160,714)	51,170,965
Provision for impairment loss on trade receivables	-	47,914,369	47,914,369	-	47,914,369
Interest expense	-	3,563,819	3,563,819	-	3,563,819
Equity in net loss of an associate	-	16,660,910	16,660,910	-	16,660,910
	3,987,249	268,022,915	272,010,164	(160,714)	271,849,450
Income before tax	(3,987,094)	(57,123,118)	(61,110,212)	-	(61,110,212)
Benefit from income tax	-	5,332,091	5,332,091	-	5,332,091
Net income	(3,987,094)	(51,791,027)	(55,778,121)	-	(55,778,121)

Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated at consolidation.

All of the Group's revenues are derived from operations within the Philippines, hence, the Group did not present geographical information required by PFRS 8 "*Operating Segments*".

Service and rental income derived from IPMCDC amounted to P4.23 million in 2024 (2023 - P11.92 million; 2022 - P147.84 million) (Note 18).

23 Basic/Diluted Earnings per Share

Basic/diluted earnings per share as at June 30, 2025 and December 31, 2024 was computed as follows:

	30-Jun-2025	31-Dec-2024
Net income (loss) attributable to equity holders of the Parent Company	8,301,482	(42,830,364)
Weighted average number of outstanding common shares	690,000,000	690,000,000
December 31	0.01	(0.06)

The basic EPS is equal to the diluted EPS since the Group has no potential shares that will have a dilutive effect on EPS.

24 Financial risk and capital management; Critical accounting estimates, assumptions and judgments

24.1 Financial risk management

The Group's principal financial assets and liabilities comprise of cash, receivables (excluding advances to officers and employees, advances to suppliers, and advances to landowners), deposits, due to/from related parties, trade and other payables (excluding payable to government agencies), lease liability, dividends payable, and loans payable. The main purpose of these financial instruments is to raise finances for the Group's operations.

The Group has established a risk management function with clear terms of reference and with the responsibility for developing policies on market risk, credit risk and liquidity risk. It also supports the effective implementation of policies. The policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The main risk arising from the Group's financial statements are market risk, credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

24.1.1 Market risk

Cash flow and fair value interest rate risks

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management believes that the related cash flow risk on bank deposits is relatively low due to immaterial changes in interest rates within the duration of these financial instruments.

The Group's interest rate risk arises from interest-bearing borrowings. The Group has long-term borrowings issued at fixed interest rates and carried at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

24.1.2 Credit risk

Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation in time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash in banks, receivables and deposits. Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The table below shows the maximum exposure to credit risk of the financial assets at amortized costs of the Group as at June 30, 2025 and December 31, 2024:

		30-Jun-2025		
	Notes	Gross maximum exposure	Fair value of collateral	Net exposure
Cash in banks	2	59,082,109	-	59,082,109
Receivables:				
Trade				
Related parties	3	456,327,602	1,434,697,920	-
LGUs	3	38,752,202	-	38,752,202
Private entities	3	46,785,186	-	46,785,186
Loans	3	31,000,000	-	31,000,000
Interest	3	12,701,620	-	12,701,620
Deposits	6	1,988,034	-	1,988,034
Security deposits	10	249,570	-	249,570
		646,886,323	1,434,697,920	190,558,721

		31-Dec-2024		
Cash in banks	2	24,954,427	-	24,954,427
Receivables:				
Trade				
Related parties	3	552,603,332	1,710,697,920	-
LGUs	3	42,153,498	-	42,153,498
Private entities	3	40,449,044	-	40,449,044
Loans	3	58,000,000	-	58,000,000
Interest	3	12,111,460	-	12,111,460
Advances	3	10,882,480	-	10,882,480
Deposits	6	1,988,034	-	1,988,034
Security deposits	10	249,570	-	-
		743,391,845	1,710,697,920	190,538,943

To manage credit risks on receivables from LGUs and private entities, the Group only transacts with counterparties with strong credit capacity and financial condition.

The gross maximum exposure to credit risk of the Group approximates its net maximum exposure. Information on the guarantees and collaterals to secure the receivables from related parties are disclosed in Note 18.

Credit quality

The financial assets of the Group are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 90 days past due, and based on change in rating, delinquencies, and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies, and payment history, demonstrate significant increase in credit risk, and/or are considered more than 90 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The table below shows determination of ECL stage of the Group's financial assets as at June 30, 2025 and December 31, 2024:

	30-Jun-2025			
	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Cash in banks	59,082,109	59,082,109		
Receivables				
Trade	541,864,990	2,611,437	539,253,554	-
Loans	31,000,000		-	31,000,000
Interest	12,701,620	590,160	-	12,111,460
Deposits	1,988,034	1,988,034	-	-
Security deposits	249,570	249,570	-	-
	646,886,323	64,521,309	539,253,554	43,111,460
	31-Dec-2024			
Cash in banks	24,954,427	24,954,427		
Receivables				
Trade	635,205,874	9,496,700	607,195,525	18,513,649
Loans	58,000,000	-	-	58,000,000
Interest	12,111,460	-	-	12,111,460
Advances	10,882,480	-	10,882,480	-
Deposits	1,988,034	1,988,034	-	-
Security deposits	249,570	249,570	-	-
	743,391,845	36,688,731	618,078,005	88,625,109

To manage credit risk on material related party balances, the Group holds, as securities for the outstanding balances, certain significant assets of the debtors comprising of traded shares and freehold land, all covered by enforceable agreements mutually signed by both parties.

24.1.3 Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. To manage liquidity, the Group management aims to tap into credit facilities with various financial institutions, as and when additional funds are necessary. It maintains an adequate cash and cash equivalents in the event of unforeseen interruption of its cash collections.

The table below summarizes the maturity profile of the Group's financial assets and liabilities as at June 30, 2025 and as at December 31, 2024 based on contractual undiscounted payments:

30-Jun-2025					
	On demand	Less than 3 months	3 to 12 months	More than one year	Total
Financial assets					
Cash	59,520,370	-	-	-	59,520,370
Receivables:					
Trade	541,864,990	-	-	-	541,864,990
Loan	31,000,000	-	-	-	31,000,000
Interest	12,701,620	-	-	-	12,701,620
Deposits	-	-	-	1,988,034	1,988,034
Security deposits	-	-	-	249,570	249,570
	645,086,980	-	-	2,237,604	647,324,584
Financial liabilities					
Trade and other payables*	-	9,838,471	-	-	9,838,471
Lease liability	-	249,570	774,540	1,625,618	2,649,728
Loans payable	24,500,000	-		25,000,000	49,500,000
	24,500,000	10,088,041	774,540	26,625,618	61,988,199

31-Dec-2024					
	On demand	Less than 3 months	3 to 12 months	More than one year	Total
Financial assets					
Cash	25,392,688	-	-	-	25,392,688
Receivables:					
Trade	635,205,874	-	-	-	635,205,874
Loan	58,000,000	-	-	-	58,000,000
Interest	12,111,460	-	-	-	12,111,460
Advances	10,882,480	-	-	-	10,882,480
Deposits	-	-	-	1,988,034	1,988,034
Security deposits	-	-	-	249,570	249,570
	741,592,502	-	-	2,237,604	743,830,106
Financial liabilities					
Trade and other payables*	-	8,848,860	-	-	8,848,860
Lease liability	-	262,048	813,268	550,302	1,625,618
Loans payable	-	-	-	25,000,000	25,000,000
	-	9,110,908	813,268	25,550,302	35,474,478

**Excluding payable to government agencies, advances from customers, output VAT and deferred output VAT*

24.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group considers total equity (excluding other comprehensive loss, accumulated share in other comprehensive loss of joint venture, and non-controlling interest) as its capital.

The Group is subject to externally imposed capital requirements arising from debt covenants and other similar instruments arising from the loan obtained in 2024 and 2023.

24.3 Fair value estimation

The carrying amounts of current financial assets and current financial liabilities are assumed to approximate their fair values, due to the liquidity, short maturities and nature of such items. Non-current portion of lease liabilities and interest-bearing loans payable approximate market rates.

24.4 Fair value hierarchy

As at June 30, 2025 and December 31, 2024, the Group has no financial instrument carried in the books at fair value. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into or out of Level 3 fair value instrument.

24.5 Critical accounting estimates, assumptions and judgments

The preparation of the financial statements in accordance with PFRS Accounting Standards requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of the contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

24.5.1 Critical judgments

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

(a) Assessment of control

The Parent Company classifies its investee companies as subsidiary if the Parent Company achieves control over the companies. Control is presumed to exist if the Parent Company has the following characteristics:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Control is achieved when the Parent Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies.

As at June 30, 2025 and December 31, 2024, the BEST holds 60% interest in Ecoedge Resources Corporation (ERC), which is accounted as investment in joint venture.

Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of the BEST and Lafarge Industrial Ecology International, S.A (LIEI), which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholder's resolution;
- ERC shall be governed by the BOD that will comprise five (5) directors (three (3) nominated by BEST and two (2) nominated by LIEI), whereby four (4) directors shall be required to pass a board resolution.

(b) Assessment of significant influence

The Group classifies its investee companies as an associate if the Group has significant influence in the investee company. Significant influence is presumed to exist if the Group has a holding of 20% or more of the voting power of the investee. Holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

(c) Recognition of deferred income tax assets

The Group performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assets which should be recognized. The Group's assessment on the recognition of deferred tax assets on future deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

The carrying amount of deferred income tax assets as at June 30, 2025 and December 31, 2024 amounted to P24.69 million (Note 17).

24.5.2 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Estimation of allowance for expected credit losses on receivables

The Group uses a provision matrix to calculate ECLs for its trade receivables. The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions.

The Group's trade receivables amounting to P451.64 million are secured by shares of stocks of the Parent Company and freehold land as of December 31, 2024 and (2023 - P716.15 million) (Note 18). These credit enhancements are considered in the calculation of ECL.

The provision for impairment of receivables from related parties are based on assumptions about risk of default and expected loss rates. The Group uses estimates in making these assumptions and selecting the inputs into impairment calculation. Details of key assumptions and inputs used are disclosed in Note 25.3.

The allowance for expected credit losses on receivables amounted to P63.79 million as of June 30, 2025 and December 31, 2024 (Note 3).

(b) Estimation of provision for rehabilitation of sanitary landfill

The Group is legally required to rehabilitate the land used as landfill through the performance of certain maintenance and monitoring functions at site. These costs are accrued based on internal estimates which include costs of certain environmental monitoring system costs (i.e., road, drainage, soil cover, greening costs and leachate management), cost for general administration (i.e., utilities and administration facilities), and security services.

Assumptions used to compute provision for rehabilitation of sanitary landfill are reviewed and updated annually by the Group. As at June 30, 2025 and December 31, 2024, the cost of asset rehabilitation obligation is computed based on the Group's assessment on expected costs to be incurred and timing of rehabilitation procedures.

(c) Determining estimated total capacity, utilized capacity and development costs used as landfill

The Group estimates the capacity based on actual volume and compacted volume of trash received. Determined utilization rate is used to depreciate the land used as sanitary landfill and the related development cost, this rate is annually assessed and reviewed based on the actual utilization during the year including the remaining capacity of the landfill.

The Group reviews annually the utilization rate of the land and development costs and on factors that include asset use, internal technical evaluation, and technological and environmental changes, and anticipated use of the assets. Changes in data and/or assumptions could cause reserve estimates to substantially change from period to period.

(d) Recoverability of non-financial assets

The Group assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. The Group recognizes an impairment loss if such indications are present and

whenever the carrying amount of an asset exceeds its recoverable amount.

This requires the Group to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

As at June 30, 2025 and December 31, 2024, the Group believes that there are no indicators that the carrying amounts of its non-financial assets, primarily property and equipment, right-of-use asset, as well as certain investments, are not recoverable.

(e) Estimating retirement benefit obligations

The cost of defined benefit pension plans and 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 rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(f) Estimated useful life of property and equipment

The Group's management determines the estimated useful lives for its property and equipment based on the period over which the assets are expected to be available for use. The Group annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could materially be affected by changes in these estimates brought about by changes in factors mentioned. If the actual useful lives of these assets are prospectively prolonged or shortened by one (1) year at the beginning of the year, depreciation for the year ended December 31, 2024 would have been lower by P0.91 million or higher by P0.93 million (2023 - lower by P0.82 million or higher by P0.84 million; 2022 - lower by P0.79 million or higher by P0.81)

25 Summary of material accounting policies

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

25.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards,
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

The consolidated financial statements have been prepared under the historical cost convention except for the fair value of the Group's plan assets.

The consolidated financial statements comprise the financial statements of the Parent Company and BEST. The consolidated financial statements are prepared based on the principles that the subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the parent obtains control, and continues to be consolidated until the date that such control ceases.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interest (NCI) represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated

statements of financial position and consolidated statements of changes in equity.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the equity holders of the Parent Company.

Assessment of control

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary are included in the consolidated statements of financial position and consolidated statements of comprehensive income from the date the Group gains control at the subsidiary until the date the Group losses the control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring its accounting policies in line with the accounting policies of the Group.

There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

The preparation of the financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 24.

(a) Changes in accounting policies and disclosures

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2024:

- *Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants - Amendments to PAS 1*

  Amendments made to PAS 1, "Presentation of Financial Statements" clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

25.2 Current versus Non-current Classification

The Group presents assets and liabilities in statement of financial position based on current or non-current classification.

An asset as current when it is:
(a) Expected to be realized or intended to be sold or consumed in normal operating cycle;
(b) Held primarily for the purpose of trading;
(c) Expected to be realized within twelve months after the reporting period; or
(d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

25.3 Financial instruments

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

25.3.1 Financial assets

As of June 30, 2025 and December 31, 2024, the Group's financial assets pertain to financial assets at amortized cost (debt instruments).

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As of June 30, 2025 and December 31, 2024, the Group's financial assets at amortized cost includes cash, receivables and deposits.

(a) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

(b) Impairment of financial assets

The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type). The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For receivables from related parties, ECLs are recognized in two stages. For credit exposures for which there has not

been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

25.3.2 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As of June 30, 2025 and December 31, 2024, the Group's financial liabilities include trade and other payables (other than payable to government agencies, advances from customers, output VAT and deferred output VAT which is covered by other accounting standard), lease liability, loan payable and dividend payable.

(a) Loans and borrowings and other payables

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings, and other payables are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the consolidated statement of total comprehensive income.

This category generally applies trade and other payables (other than payable to government agencies and deferred output VAT which is covered by other accounting standard), lease liability, loan payable and dividend payable.

(b) Derecognition

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

25.3.3 Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

25.4 Fair value measurement

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

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3: valuation techniques for which lowest level input that is significant to the fair value measurement is observable.

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

External valuers are involved for valuation of significant assets, such as investment properties.

The Group in conjunction with the external valuers, also compares each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

Financial instruments

The fair values for financial instruments traded in active markets at the reporting date are based on their quoted market prices (any price between the bid and ask spread), without any deduction for transaction costs. When current market prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

Non-financial assets

Fair value measurement of non-financial asset, such as investment property, property and equipment and investments in an associate and joint venture takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring fair value measurement.

25.5 Other current assets, net

Other current assets include prepayments representing expenses not yet incurred but already paid in advance. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit and loss as the benefits are consumed in operations or expired with the passage of time. Input VAT and creditable withholding tax are recognized as assets to the extent that it is probable that the benefit will flow to the Group. These are derecognized when there is a legally enforceable right to apply the recognized amounts against the related tax liability within the period prescribed by the relevant tax laws.

25.6 Investments in an associate and a joint venture

Associates are entities in which the Group has significant influence, and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

A joint venture is an entity, not being a subsidiary or an associate, in which the Group exercises joint control together

with one or more venturers. Investments in an associate and a joint venture are accounted for under the equity method of accounting in the consolidated financial statements.

Under the equity method, the investments in associate and joint venture are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate and joint venture, less dividends declared and impairment in value. If the Group's share of losses of an associate and joint venture equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. The interest in an associate and a joint venture is the carrying amount of the investment in the associate and joint venture under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate and joint venture. After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associate and joint venture. The profit or loss reflects the Group's share in the results of operations of its associate and joint venture. This is included in the "equity in net earnings (losses) of an associate and a joint venture" account. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and joint venture.

25.7 Interest in a joint operation

The Group has an interest in a joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. The Group's interest in the joint arrangement is classified as a joint operation and recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line in its consolidated financial statements.

The financial statements of the joint operation are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies into line with those of the Group.

25.8 Investment property

Property held for long-term rental and/or capital appreciation are classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property, except land, is stated at cost, less any accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any accumulated impairment losses.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

25.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when such cost is incurred if the recognition criteria are met.

Costs of construction projects in progress are accumulated in the "Construction in progress" account under "Property and equipment" in the consolidated statement of financial performance until these projects are completed, upon which these are classified to the appropriate property and equipment accounts and accordingly depreciated.

Depreciation of property and equipment, other than land and identified development cost specific to the landfill cells, is computed using the straight-line method over the following estimated useful lives:

	Years
Condominium units and improvements	35
Development costs	5 to 15
Transportation and heavy equipment	5 to 10
Office furniture and fixtures	2 to 5
Leasehold improvements	5 or over the period of lease term, whichever is shorter

The Group's land and land improvements used as sanitary landfill and identified development costs specific to the landfill cells are depreciated and amortized using the unit of production method (i.e., volume of landfill utilized over the

total landfill utilization capacity).

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The initial estimate of the costs of rehabilitation of the sanitary landfill is included in property and equipment.

25.10 Intangible assets

Intangible assets pertain to software for My Basurero App which is accounted for under the cost model. The cost is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire the asset at the time of its acquisition. Amortization is computed on the straight-line basis over the estimated useful lives of five (5) years.

The Group annually tests the asset for impairment by comparing its carrying amount with its recoverable amount, and recognizing any excess of the carrying amount over the recoverable amount as
an impairment loss.

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

25.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

Investments in an associate and a joint venture

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of fair value less cost to sell or value-in-use) and the carrying value of the investments in an associate or a joint venture and recognizes the difference in profit or loss.

25.12 Provision for rehabilitation of sanitary landfills

The Group is legally required to rehabilitate the land used as landfill through performance of certain maintenance and monitoring functions at site for a minimum of ten (10) years.

Although rehabilitation costs will only be incurred and paid when the last phases/cells of the landfill reach final waste elevation, the event that gives rise to the obligation is the actual development and operations conducted by the Group in the landfill.

The provision for rehabilitation is made based on historical experience and benchmarking of costs from other similar operations undertaken by companies within the same industry.

25.13 Equity

(a) Share capital

Share capital is measured at par value for all shares issued and outstanding. Incremental costs incurred directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(b) Retained earnings

Retained earnings represent the cumulative balance of the net income or loss of the Group, net of any dividend declaration. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration. Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

(c) Other comprehensive income

Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income includes actuarial gains and losses on defined benefit obligation and share in actuarial losses on defined benefit obligation of the associate. Other comprehensive income that will be reclassified subsequently to profit or loss is presented separately from other comprehensive income that will not be reclassified to profit or loss in the future.

(d) Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are declared by the Group's BOD. Stock dividends are treated as transfer from retained earnings to share capital.

25.14 Leases

(a) The Group as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(i) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(iii) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less comprise of truck equipment, warehouse and transportation equipment.

(b) The Group as a lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, if any, and recognized on a straight-line basis over the lease term.

25.15 Revenue from contracts with customers

25.15.1 Revenues from contracts with customers and other income

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an 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 all of its revenue arrangements.

(a) Income from tipping fee

Transaction price is determined to be the contract price stated in each contract service. Hauling of municipal residual waste to Morong Engineered Sanitary Landfill (the Facility) and use of LGU of the Facility is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from tipping fee is recognized at a point in time and when the Group satisfies a performance obligation by transferring a promised service to the customer.

(b) Trash to cashback

Trash to cashback pertains to the fee from implementation of programs and activities for waste segregation and recyclable collection and the sale of recyclable materials derived from such programs and activities. Transaction price is determined to be the contract price stated in each contract services. Income from trash to cashback is recognized at a point in time when the Group satisfies a performance obligation when the related services are rendered.

(c) Hauling income

Transaction price is determined to be the price stated in each contract service or work orders. Collection of residual waste from the customer's garbage room and its disposal is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. Income from hauling services is recognized at a point in time the related services are rendered and when the Group satisfies a performance obligation by transferring a promised service to the customer.

(d) Consultancy/field services

Transaction price is determined to be the contract price stated in each contract service. The Group's responsibility as the contractor to manage, operate, and maintain the principal's (IPMCDC) Material Recovery Facility is considered as a single performance obligation since two or more services are significantly affected by each other. Considering that the Group would not be able to fulfil its obligation by transferring each of the services independently thus it is not necessary to allocate the transaction price. Income from consultancy/field services is recognized over the time the related services are rendered and upon the customer's simultaneous receipt of the services provided by the Group.

25.15.2 Other income not covered by PFRS 15, "Revenue from Contracts with Customers"

(a) Rental income

Rental income pertains to the transportation and heavy equipment leased out by the Group and a portion of its office space leased under cancellable operating lease. Rental income is recognized when earned over the time the related services are rendered.

(b) Interest income

Interest income on bank deposits and loans which is presented net of applicable tax withheld (except for loans), is recognized on a time-proportion basis using the effective interest method.

(c) Other income

Other income is recognized when earned or realized.

25.16 Costs and expenses

Costs and 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 Group's equity, other than those relating to distributions to stockholders.

(a) Cost of services

Cost of services include costs relating directly to a specific contract, costs that are attributable to a contract activity in general and can be allocated to the contract and other costs that can be charged to the customer under the contract. These are recognized when incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

(b) General and administrative expenses

General and administrative are recognized in profit or loss in the period these are incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

25.17 Employee benefits

(a) Retirement benefits

The Group has a funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement costs comprise the following:
(a) Service costs
(b) Net interest on the net defined benefit liability
(c) Remeasurements of net defined benefit liability

Service costs which include current service cost and gains or losses on non-routine settlements are recognized as retirement benefit expense in profit or loss. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as retirement benefit expense in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. The related liability is derecognized when the obligation is discharged or cancelled.

(c) Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

25.18 Income tax

(a) Current income tax

Current 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 authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.
(b) Deferred income tax

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

Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences and net operating loss carry over (NOLCO) to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and NOLCO can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity net of tax.

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

25.19 Provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it

is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, 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 profit or loss, net of any reimbursement.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of sources embodying economic benefit is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefit is probable.

25.20 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Furthermore, borrowings are classified as non-current based on the repayments terms which extend more than 12 months from the reporting date. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

All borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are expensed as incurred.

25.21 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). The consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

25.22 Related party relationships and transactions

(a) Related party relationship

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

25.23 Segment reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Disclosure of segment information is presented in Note 22.

25.24 Basic/Diluted earnings per share (EPS)

EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

IPM HOLDINGS, INC. AND SUBSIDIARY

SCHEDULE OF FINANCIAL SOUNDNESS INDICATOR
June 30, 2025

	June 30, 2025	December 31, 2024
Current Ratio[1]	3.47x	5.67x
Quick Ratio[2]	3.04x	4.49x
Solvency Ratio[3]	5.37x	5.90x
Debt Ratio[4]	0.19x	0.17x
Debt to Equity Ratio[5]	0.14x	0.20x
Interest Coverage Ratio[6]	2.67x	-16.15x
Asset to Equity Ratio[7]	1.23x	1.20x
Gross Profit Margin[8]	15%	27%
Net Profit Margin[9]	9%	-7%
Return on Assets[10]	1%	-3%
Return on Equity[11]	1%	-4%
Book Value per Share[12]	1.95	1.93
Book Value per Share - Parent[13]	1.34	1.33
Net Income per Share[14]	0.02	-0.08
Net Income per Share - Parent[15]	0.01	-0.06

[1] Current Assets / Current Liabilities
[2] (Current Assets less Other current assets) / Current Liabilities
[3] Total Assets / Total Liabilities
[4] Total Debt/Total Assets
[5] Total Debt/Total Stockholders' Equity
[6] Earnings Before Interest and Taxes (EBIT) / Interest Charges
[7] Total Assets / Total Stockholders' Equity
[8] Sales less Cost of Service / Sales
[9] Net Profit / Service income
[10] Net Income / Average total Assets
[11] Net Income / Average total Stockholders' Equity
[12] Total Assets less Total Liabilities/Outstanding common shares
[13] Total equity attributable to equity holders of the Parent Company/Outstanding common shares
[14] Net Income /Number of Outstanding common shares
[15] Net Income Attributable to Equity Holders of Parent/Number of Outstanding common shares

IPM HOLDINGS, INC. AND SUBSIDIARY

AGING OF RECEIVABLES
June 30, 2025

Nature/Description	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Income from Tipping Fee	15,956,537	6,855,227	2,868,579	2,024,705	7,493,215	35,198,264
Hauling Income	4,227,049	4,028,401	2,676,091	2,060,422	7,678	12,999,641
Consultancy/Field Services	509,054	509,054	509,054	509,054	263,398,945	265,435,161
Rental	986,744	4,777	402,301	785,877	206,440,454	208,620,152
Interest Receivable	98,360	98,360	98,360	98,360	196,720	590,160
Others	814,851	901,195	3,252,499	1,154,777	2,330,093	8,453,416
Total	**22,592,596**	**12,397,014**	**9,806,885**	**6,633,195**	**479,867,104**	**531,296,794**