

| | |
|--|-----------------------------------|
|  PhilRatings PHILIPPINE RATING SERVICES CORPORATION | RATING REPORT |
| | MEGAWIDE CONSTRUCTION CORPORATION |

Date: August 13, 2025
Analysts: Aline Lei A. Abon
 Eunice Nicolette R. Uson

5th Floor, ALGO Center
 162 Leviste St., Salcedo Village
 Makati City, Metro Manila
 1227 PHILIPPINES

(632) 8812 3210
 (632) 8812 3215
 www.philratings.com.ph

MONITORING

| Amount | | Interest Rate | Maturity Date | Assigned Rating and Outlook |
|----------------------|----------|---------------|-------------------|--|
| ₱1.60 Billion | Series A | 6.95% | February 17, 2026 | PRS Aa Stable Outlook |
| ₱2.40 Billion | Series B | 7.97% | August 17, 2027 | |
| ₱3.11 Billion | Series C | 7.63% | July 11, 2027 | |
| ₱1.07 Billion | Series D | 8.06% | July 11, 2029 | |
| ₱0.82 Billion | Series E | 8.48% | July 11, 2031 | |
| Total: ₱9.00 Billion | | | | |

Obligations rated **PRS Aa** are of high quality and are subject to very low credit risk. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A **Stable Outlook** is assigned when a rating is likely to be maintained or to remain unchanged in the next 12 months.

RATIONALE

The assigned rating and the corresponding Outlook consider the following key considerations:

1. Solid brand and track record

Megawide Construction Corporation (Megawide) has established a strong reputation as one of the leading businesses in the Philippine construction industry. The Company has an AAAA Contractor's License from the Philippine Contractors Association Board (PCAB). This is the highest classification and category for a construction company, which qualifies Megawide to bid for private projects with no limits on contract value. Likewise, Megawide obtained a Large B classification for government registration which allows the Company to participate in large infrastructure projects such as highways, roads and bridges, piers, airports, railroads, waterworks and power plants.

Megawide is a major player in infrastructure projects of the country, including airports, land infrastructure, and social infrastructure. The company already had several Public-Private Partnership (PPP) projects, including: Public School Infrastructure Project in 2012, Mactan Cebu International Airport (MCIA) in 2014, Parañaque Integrated Terminal Exchange (PITx) in 2015, and the Clark International Airport (CRK) in 2018. It was also awarded the Malolos-Clark Railway

Project (MCRP) Phase 1 in 2020 and the Contract Package 104 (CP-104) of the Metro Manila Subway Project (MMSP) in 2022.

Moreover, Megawide was awarded in November 2024 the contract to design and construct the terminal building at the Godofredo P. Ramos Airport, also known as Caticlan Airport. Megawide's track record of key infrastructure construction, supplemented by efficient and sustainable practices, is seen to contribute to attaining the vision of having a first-world facility within deadline. The construction of the extra Passenger Terminal Building (PTB) is anticipated to increase capacity by seven million, with eight passenger boarding bridges, and is targeted to take up to three years.

In December 2024, Megawide and its partner also secured the contract for the Cavite Bus Rapid Transit (CBRT) project. Phase I of the said project is currently ongoing.

2. Vertical integrations that increase operational synergies and contractual engagements

The Company integrates comprehensive engineering, procurement, and construction (EPC) services in its operations, utilizing modern building and engineering technologies, such as precast, formworks, concrete batching, and specialized logistics systems. Megawide is also reported to pioneer extensive utilization of European building systems in its projects, allowing cost reductions, improved quality, quick project turnover, among others.

Furthermore, Megawide is positioned as a construction company that has a manufacturing component, accompanied by proven experience as a project operator. This allows greater flexibility in bidding for projects, especially with PPPs.

In addition, Megawide has a 15-hectare industrial complex in Taytay, Rizal which houses its eight-hectare automated pre-cast concrete manufacturing plant. This plant is reported to be the largest and most advanced in the country, as well as among the top in Southeast Asia in terms of size and technology employed.

3. Increased diversification of its continuing segments

In 2024, Megawide secured 17 new contracts amounting to ₱17.2 billion for its construction business. Six of these contracts were solar power plants of newly listed affiliate, Citicore Renewable Energy Corp. (CREC). The Company secured another ₱2.0 billion worth of new contracts in the first quarter of 2025 (1Q2025), bringing its order book to ₱41.5 billion as of end-March 2025.

Along with this, Megawide, through Cebu2World Development, Inc. (Cebu2World), is exploring social infrastructure redevelopment of the Carbon Market in Cebu. This project will transform the oldest and largest farmer's market in the city into a commercial, heritage, and cultural district with a multimodal and integrated transport hub. The new market will serve as Cebu City's heritage district and will be composed of a restored Compania Maritima, a refurbished Freedom Park, and a modernized marketplace.

One of Megawide's ongoing projects is the CP-104, which includes the construction of underground stations in Ortigas North and South, as well as the tunnels connecting these two locations. The project has an estimated aggregate contract value of ₱17.8 billion and is seen to facilitate Megawide's diversification into railway systems.

In addition, the Company acquired PH1 World Developers, Inc. (PH1) in 2023, its real estate arm that aims to disrupt property development conventions through innovation and engineering technology. This acquisition extended the vertical integration of the Company's existing EPC and PCS capabilities to property development, harnessing synergies and paving the way for progression into a higher value-business.

4. Favorable industry outlook and opportunities

The Philippine Gross Domestic Product (GDP) grew by 5.6% in 2024, faster than the previous year's 5.5% growth. The construction industry—which expanded by 10.3%—remained a key driver of GDP growth, with a 7.5% contribution in 2024. Along with this, infrastructure development is seen to play a crucial role in the country's economic strategy. Given this, the government has set aside an infrastructure budget of ₱1.5 trillion for 2025. This funding will support the Build Better More (BBM) initiative of the current administration and the Philippine Development Plan (PDP) 2023-2028.

The domestic construction industry remains bullish for the coming years. Between 2020 and 2024, the nation's construction market grew rapidly, with a compound annual growth rate (CAGR) of 11.8%. It is anticipated that this rising trend will continue, with the market expanding at a CAGR of 6.6% from 2025 to 2029.

Furthermore, anticipation runs high as over the next 15 years, the Philippines is predicted to have one of the fastest-growing construction markets, according to Oxford Economics and AON. This will be aided by the government's push for PPP for infrastructure developments such as the North–South Commuter Railway (NSCR), the MMSP, the Metro Rail Transit (MRT) Lines 4 and 7, among others, as well as population growth and fast urbanization.

5. Sustained recovery in profitability

In 2024, Megawide posted a twofold increase in its net income to ₱538.5 million. Bottom line rallied driven by the improvement in revenues across all segments, primarily from the construction and real estate operations. Consolidated revenues climbed by 18.5%, from ₱18.6 billion in 2023 to ₱22.1 billion in 2024. With the controlled increases in costs and expenses, pre-tax profit went up by 72.0% to ₱562.1 million. Tax expense additionally dipped by 59.0% to ₱23.6 million due to a tax benefit (in relation to temporary difference between the tax reporting and financial reporting bases used in revenue recognition), further boosting the bottom line.

Net profit margin for 2024 was 2.4%, while return on average assets (ROAA) and return on average equity (ROAE) were 0.8% and 3.2%, respectively. These posted improvements from its counterparts in the previous year of 1.4%, 0.4%, and 1.5%, respectively.

In 1Q2025, the Company reported a consolidated net income of ₱209.2 million, 14.1% higher year-on-year (YoY). Total revenues decreased by 19.2%, from ₱5.2 billion to ₱4.2 billion, attributed to the winding down phase for a number of existing projects which resulted in a 25.9% YoY decrease in revenues from the construction segment. The latter was partly offset by the 27.1% YoY increase in landport revenues and the 169.9% YoY jump in real estate revenues. Gross profit slipped by 2.0% YoY, but pre-tax profit inched up by 1.0% YoY, on account of a 10.3% YoY drop in other operating expenses and a 32.2% YoY increase in other income (net). Moreover, tax

expense fell by 23.3% YoY (similar in nature as in 2024), resulting in the 14.1% YoY improvement in the bottom line.

Net profit margin rose to 5.0% in 1Q2025, higher than the 3.5% in 1Q2024. ROAA also inched up from 1.1% to 1.3%, while ROAE increased from 4.2% to 4.8%.

BUSINESS REVIEW

Company Profile

Megawide Construction Corporation (Megawide) was incorporated in the Philippines on July 28, 2004. The Company is one of the country's most rapidly growing infrastructure conglomerates, with a portfolio in engineering, procurement, and construction (EPC), airport and landport infrastructure, and property development. It continuously integrates its comprehensive EPC capabilities with innovative construction solution technologies such as precast, formworks, concrete batching, and specialized logistics systems.

Starting as a general construction business two decades ago, the Company's involvement in PPP programs with the Philippine government supported the expansion of its business. Megawide's PPP projects include the School Infrastructure Project Phases 1 and 2, MCIA, PITx, CRK, MCRP Phase 1, and CP-104 of the MMSP.

Operations

Table 1: Revenues of Business Segments

| (In Million Pesos) | 2022 | % of Total | 2023 | % of Total | 2024 | % of Total | 1Q2025 | % of Total |
|-----------------------|---------------|-------------|---------------|-------------|---------------|-------------|--------------|-------------|
| Construction | 14,538 | 98.26% | 18,142 | 97.34% | 21,019 | 95.17% | 3,668 | 87.32% |
| Landport | 258 | 1.74% | 348 | 1.87% | 355 | 1.61% | 136 | 3.24% |
| Real Estate | - | - | 149 | 0.80% | 711 | 3.22% | 397 | 9.44% |
| Total Revenues | 14,842 | 100% | 18,638 | 100% | 22,085 | 100% | 4,674 | 100% |

| (In Million Pesos) | 2022 | 2023 | 2024 | 1Q2025 |
|---|-------|------|------|--------|
| Discontinued Operations (Airport Segment) | 1,839 | - | - | - |

Table 2: Net Profit (Loss) of Business Segments

| (In Million Pesos) | 2022 | 2023 | 2024 | 1Q2025 |
|--------------------|--------------|------------|------------|------------|
| Construction | 2,291 | 441 | 1,309 | 385 |
| Landport | (242) | (204) | (260) | (14) |
| Real Estate | - | (57) | (187) | 13 |
| Net profit | 2,049 | 180 | 862 | 384 |

| (In Million Pesos) | 2022 | 2023 | 2024 | 1Q2025 |
|-----------------------------------|-------|------|------|--------|
| Discontinued Operations (Airport) | 4,705 | - | - | - |

Construction Operations

With more than 20 years of experience, Megawide has established a strong reputation as one of the leading businesses in the Philippine construction industry. The Company also offers comprehensive and integrated EPC services, utilizing modern building and engineering technologies, such as precast, formworks, concrete batching, and specialized logistics systems. Megawide is reported to pioneer extensive utilization of advanced and comprehensive European building systems in its projects, allowing cost reductions, improved quality, and quick project turnover.

Megawide has an AAAA Contractor’s License from PCAB. This is the highest classification and category for a construction company, which qualifies Megawide to bid for private projects with no limits on contract value. Megawide additionally obtained a Large B classification for government registration which allows the Company to participate in large infrastructure projects such as highways, roads and bridges, piers, airports, railroads, waterworks, and power plants.

The Company secured 17 new contracts in 2024 amounting to ₱17.2 billion, six of which were solar power plants of newly listed affiliate CREC, through affiliate MCC-Citicore Construction, Inc. (MCC-CCI). In 1Q2025, it secured another ₱2.0 billion worth of new contracts, bringing the Company’s order book to ₱41.5 billion as of end-March 2025.

As of end-March 2025, Megawide’s order book was made up of office and commercial-related projects (41%), residential (33%), and infrastructure (24%). As for the manufacturing side of the construction business, the Pre-Cast and Construction Solutions (PCS) segment continued to sustain momentum with significant growth in external sales.

Megawide has a 15-hectare industrial complex in Taytay, Rizal which houses its eight-hectare automated pre-cast concrete manufacturing plant. This plant is reported to be the largest and most advanced in the country, as well as among the top in Southeast Asia in terms of size and technology employed. Using pre-cast concrete allows Megawide to reduce construction costs, shorten construction period, and improve overall work quality.

Megawide’s main revenue driver remains to be its construction business, which contributed 95.2% of total revenues in 2024 (slightly lower than its 97.3% share in 2023) and 87.3% in 1Q2025. Contract revenues accounted for 84.7% and 87.6% of total construction revenues in 2024 and 1Q2025, respectively.

Ongoing Projects

Table 3 lists the Company’s existing projects as of July 2025.

Table 3: Order Book

| Project Name | Contract Amount (In Million Pesos) |
|--------------------------------------|---|
| Aglipay Sewage Treatment Plant | 1,890 |
| Luntal Solar Power (Early Works) | 116 |
| Urban Deca Cubao | 61 |
| University Tower 5 | 2,085 |
| Ascott - Double Dragon Meridian Park | 1,413 |
| Ascott - Double Dragon Meridian Park | 21 |
| Landers Aseana | 495 |
| Binalonan Solar Power | 184 |

| | |
|---|-------|
| Urban Deca Cubao | 3,817 |
| Luntal Solar Power (Control Building) | 47 |
| Westside Suncity Site A Package 3B | 509 |
| MCRP | 8,868 |
| Bolbok Solar Power (Early Works + Control Building) | 380 |
| Sta. Barbara Solar Power | 374 |
| Arayat Solar Power (Early works + Control Building) | 139 |
| Luntal Solar Power (PV Farm) | 165 |
| Binalonan Solar Power | 60 |
| Sta. Barbara Solar Power | 7 |
| Arayat Solar Power (Early works + Control Building) | 11 |
| SJDM NorthScapes | 481 |
| Lykke Showroom | 39 |
| Bolbok Solar Power (Early Works + Control Building) | 0 |
| One Lancaster Park - Showroom Extension | 11 |
| Suncity B NSC | 2,777 |
| Double Dragon Meridian Tower | 969 |
| Suncity B | 3,587 |
| Arayat Solar Power (PV Farm) | 114 |
| 136MWp Pagbilao 1&2 Solar Power Plant Project | 321 |
| My Enso Loft | 3,265 |
| Bolbok Solar Power (PV Farm) | 433 |
| Hotel101 - Libis | 26 |
| Suncity B MEPF | 7,437 |
| Double Dragon Meridian Tower | 11 |
| SJDM NorthScapes | 16 |
| Hotel101 - Libis | 1,911 |
| CP-104 Manila Subway | 5,100 |
| Urban Deca Ortigas (Bldgs. 10 & 11) | 1,662 |
| One Lancaster Park - Package 1 | 759 |
| One Lancaster Park - Site Development | 566 |
| Modan Lofts Ortigas Hills | 3,126 |
| Carbon P2 | 985 |
| Suncity B | 3,838 |
| Southscapes Trece | 530 |
| CGC Site Development | - |
| Landers Aseana | 473 |
| Caticlan Airport | 1,568 |
| UDO 3 Towers | 1,863 |
| Imus 4PH Avesta Residences | 1,656 |

Cebu Carbon Market Redevelopment

The Company partnered with the local government of Cebu City for the transformation of the oldest and largest farmer's market in the city into a commercial, heritage, and cultural district with a multimodal and integrated transport hub. The new market will serve as Cebu City's heritage district and will be composed

of a restored *Compania Maritima*, a refurbished Freedom Park, and a modernized Carbon Market. The joint venture (JV) agreement between Megawide and Cebu City was signed on January 11, 2020. Megawide's concession period with Cebu's local government unit is 50 years, renewable to another 25 years upon mutual agreement of both parties.

In April 2025, Megawide disclosed that it is set to commence the construction of Block-2 of the ongoing Carbon Market redevelopment, with a target to finish by 1Q2026. Block-2 will be a multi-level, mixed-use development that will house various sections of the existing public market, such as food and beverage selections, handicrafts, and other special products of Cebu. Block-2 will complement existing attractions in Carbon Market, such as The Barracks (Cebu's first hawker center), the Sto. Niño Chapel, Freedom Park, and the ongoing Puso Village.

In May 2025, Cebu City Mayor-elect Nestor Archival expressed interest in revisiting the terms of the JV agreement between the City Government and Cebu2World for the redevelopment of the Carbon Public Market. While acknowledging the contract's legality, he noted concerns raised by vendors regarding tariffs and space allocations, suggesting that these issues could potentially impact market competitiveness and affordability for local consumers. Lydwena Eco, Deputy General Manager of Cebu2World—Megawide's subsidiary overseeing the Carbon Market project—reiterated the company's commitment to protecting vendor interests.¹ She clarified that under the JV agreement, all market rates and charges are mandated to follow the Cebu City Government's Market Code. Cebu2World is not authorized to impose any fees beyond what the code prescribes.² Further emphasizing transparency and public benefit, Megawide has underscored that the redevelopment is a PPP, not a privatization. Under this structure, the city retains control over pricing policies, while Cebu2World handles collection and maintenance operations. The project also includes a guaranteed annual payment to the city of approximately ₱50 million—significantly higher than previous earnings from Carbon Market operations—representing a key fiscal advantage for local government and taxpayers.

In June 2025, Mayor-elect Archival and Vice Mayor-elect Tommy Osmeña signed a covenant with vendor groups, pledging to champion heritage preservation, enact protective policies for vendors, and review existing agreements related to the Carbon Market redevelopment. Subsequently, the City Council approved updates to zoning regulations to align with the 2023–2032 Comprehensive Land Use Plan (CLUP), officially reclassifying the Carbon Market area from an institutional to a commercial zone. This update supports Megawide's ongoing transformation of the district. Some vendor groups, however, were hoping for more consultation and public engagement prior to the ordinance's passage.³ Public discussions around the project reportedly continue to be welcomed nonetheless.

City Councilor Joel Garganera, a long-time supporter of the redevelopment, pointed to the July 2025 opening of Puso Village—developed by Cebu2World—as a milestone in Cebu's downtown revitalization. The new hub hosts over 300 stalls for food, souvenirs, and other small businesses, and includes modern infrastructure such as a mechanical parking system. Garganera highlighted the economic and tourism potential of the precinct, calling it a vital addition to Cebu's urban and cultural fabric. He also reassured the public that the JV agreement was legally and properly executed, cautioning against actions that could undermine investor confidence and future PPPs. Addressing concerns of vendor displacement, he

¹ This statement was given by Ms. Eco following a protest rally held by vendors against the project in December 2024, given fears of potential displacement and increased rental rates.

² <https://www.sunstar.com.ph/cebu/carbon-market-deal-on-the-table-again>

<https://www.rappler.com/philippines/visayas/cebu-city-mayor-elect-nestor-archival-renegotiate-carbon-market-tariffs/>

³ <https://www.rappler.com/philippines/visayas/cebu-carbon-market-vendors-reaction-zoning-ordinance-june-2025/>

emphasized that Cebu2World has accommodated a large number of vendors—including ambulant sellers—by providing upgraded, weather-protected spaces. According to him, while vendors currently pay ₱350–₱500 daily for utilities and space-related expenses, this will be reduced to an estimated ₱80–₱100 daily in the new facility, inclusive of all fees, still under the protection of the Market Code.⁴

Caticlan Airport⁵

In November 2024, Megawide was awarded the contract to design and construct the terminal building at the Godofredo P. Ramos Airport, also known as Caticlan Airport. The said airport is operated by Trans Aire Development Holdings Corp., a unit of San Miguel Holdings Corp. (doing business as SMC Infrastructure). San Miguel Corporation (SMC) Chairman and Chief Executive Officer (CEO) Ramon S. Ang stated that Megawide’s track record of key infrastructure construction, supplemented by efficient and sustainable practices, will help them attain their vision of a first-world facility within deadline. The construction of the extra PTB is anticipated to increase capacity by seven million, with eight passenger boarding bridges, and is targeted to take up to three years.⁶ On July 14, 2025, the groundbreaking ceremony for the new terminal was held.

Partnership with Splice Sleeve Japan Limited

In December 2024, Megawide sealed a partnership with Splice Sleeve Japan Ltd. (Splice Sleeve), a global leader in rebar coupler technology. This collaboration aims to integrate Splice Sleeve’s innovations in rebar coupler into the Company’s construction projects, particularly large-ticket infrastructure developments.⁷ Splice Sleeve’s rebar coupler technology—which is compliant with international standards—facilitates faster and more secure connections between rebars, reducing labor time and material waste while ensuring structural integrity.

Major Customers

According to Megawide, it is frequently invited to bid for major domestic low- to high-rise buildings and horizontal property development projects. The scope of work on these projects generally includes site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works, and mechanical works.

In line with its risk policies, Megawide carefully chooses which projects to participate in, based on the following criteria:

1. Creditworthiness of the project owner determined through background checks with banks and financial community, business and trade associations, standing with the Housing and Land Use Regulatory Board (HLURB), and credit record of major suppliers; and
2. Liquidity of the project owner determined through financial ratios and financial performance for the past three years.

⁴ <https://www.sunstar.com.ph/cebu/garganera-backs-carbon-market-deal?>

⁵ https://ppp.gov.ph/in_the_news/megawide-to-build-smcs-boracay-airport-terminal/

⁶ <https://www.bworldonline.com/corporate/2024/11/29/638208/smc-taps-megawide-for-boracay-airport-terminal/>

⁷ <https://megawide.com.ph/wp-content/uploads/2025/01/EPC.-CAB.-Press-Release.-Megawide-Splice-Sleeve-Japan-Ltd.-to-bolster-construction-efficiency-with-advanced-rebar-coupler-technology.-2024-12-27-1.pdf>

Listed below are the Company's major customers, which accounts for about 70% of its construction order book:

Suntrust

Suntrust is a company engaged in real estate development, mass community housing, townhouses and rowhouses development, residential subdivision, and other horizontal land development. It is a subsidiary of Suncity Group Holdings Limited (Suncity Group), a listed company on The Stock Exchange of Hong Kong Limited, which owns 51.0% of the outstanding capital stock of Suntrust. Suncity Group is principally engaged in property development in Guangdong and Anhui Provinces in the People's Republic of China, property leasing in Shenzhen, provision of hotel and integrated resort general consultancy service in Vietnam, and provision of travel-related products and services.

PH1

PH1 is the real estate arm of Megawide that aims to disrupt property development conventions through innovation and engineering technology. PH1 aims to deliver quality projects to every homeowner that will give them the experience of extra space, extra value, and extra convenience. PH1 is responsible for projects like The Hive, My Enso Lofts, My Loft Ortigas Hills, and One Lancaster Park.

8990

8990 is the largest mass housing developer in the Philippines in terms of units licensed under Batasang Pambansa (BP) Blg. 220 from 2011 to 2013, according to HLURB. The company has been developing mass housing projects in high-growth areas across Luzon, Visayas, and Mindanao since 2003. DECA Homes and Urban DECA Homes have gained a strong reputation in the market, resulting in 8990 garnering numerous awards such as Q Asia Magazine's "Best Housing Developer" for 2012 to 2013.

DD

DD has undertaken several vertical and horizontal developments since it started its commercial operations in April 2010. Having met its 2022 portfolio target of 1.2 million square meters (sqm) of completed gross floor area (GFA), DD has set a new target of increasing its portfolio to 2.4 million sqm of completed GFA by 2030. This will be spread across its four core business segments: 30% in retail, 15% in office, 20% in hospitality, and 35% in industrial leasing.

PhilRatings assigned an Issue Credit Rating of PRS Aaa, with a Stable Outlook, for DD's ₱39.0 billion outstanding bonds. DD also has an Issuer Credit Rating of PRS Aaa (corp.), with a Stable Outlook.

Landport Operations

MWM Terminals, Inc. (MWMTI) is a JV of Megawide and Megawide Terminals, Inc. (MTI), with an agreed equity ratio of 51.0% and 49.0%, respectively. It was incorporated to develop and implement the PITx project, pursuant to the Concession Agreement (CA) signed with the DOTr on April 24, 2015. PITx was designed to be the first intermodal terminal in the Philippines, adapting a hub-and-spoke model.⁸ The Company inaugurated PITx on November 5, 2018, and subsequently started its operations on November 10, 2018.

The development and implementation of the PITx project is divided into terminal and commercial areas, and related developments therein for a total lot area of 193.4 hectares (the Project Assets). At the end of the concession period on October 17, 2051, MWMTI shall hand over the PITx project and the Project

⁸ A hub-and-spoke model connects every location (spoke) through a single intermediary location (hub). This allows greater flexibility within the transport system through increased interconnections.

Assets to DOTr without any cost. Pursuant to the CA, the Company shall be entitled to collect and receive the concessionaire revenue made up of annual grantor payment (AGP), commercial revenue, and any applicable grantor compensation payments.

PITx, which is located along Diosdado Macapagal Boulevard, is a 4.5-hectare development which houses the transport terminal, commercial spaces, and office buildings under a single roof. With a rated capacity of 100,000 passengers daily, it offers connections to and from the southwest portion of Metro Manila via multiple modes of transportation, from provincial to in-city buses, taxis, jeepneys, and UV Express shuttles.

The PITx mobile app, which currently provides daily trip schedules and initially offers advanced ticket reservations, enables the PITx team to gather and analyze critical data to better understand commuter behavior. This data can be utilized for similar future developments in other locations.

PITx has retail, commercial, and office spaces within its terminal area, which are MWMTI's main revenue drivers. On top of the terminal area sits four five-story towers, with a leasable area of 19,226 sqm each. Retail spaces are available to offer services such as food, medicine, and other grocery items for travelling passengers. The office towers, on the other hand, augment passenger volume and increase foot traffic to provide additional business to the retail tenants.

PITx facilitated the travel of roughly 52 million Filipinos in 2024, with an average daily foot traffic of 141,000. Average daily foot traffic also went up to 157,000 in 1Q2025. As of March 2025, PITx had served 178.9 million travelers since its opening to the public in 2018. According to management, it is bound to hit the 200 million passenger milestone before July 2025.⁹ Buses that stop by PITx currently serve more than 105 destinations, including 72 provincial and 33 in-city.

In November 2024, there was an increase of 20,000 passengers daily after the start of operations of the PITx-Asia World LRT-1 station that is directly linked to the terminal. The station, which is part of the LRT-1 Cavite Extension Project, provides additional connectivity from several parts of Metro Manila to PITx and is anticipated to attract office tenants and locators.

In 2024, PITx was also able to expand its coverage by eight more routes (six in Luzon and two in Visayas), surpassing its initial plan of six additional routes for the year.

Retail occupancy increased to 98.0% as of end-2024. As for the office towers, occupancy improved to 60.0%. Following the ban on Philippine Offshore Gaming Operators (POGO), Megawide made headway in contracting traditional office locators (i.e., government offices, transport and tourism-related entities, and logistics providers). Office towers are therefore all presently occupied by non-POGO tenants such as logistic hubs, government offices, transport services, and travel agencies. Retail tenant mix was as follows: food and beverages-related tenants, 65%; non-food, 21%; and services, 14%. As of end-March 2025, retail and office occupancy decreased to 88% and 43%, respectively.

In January 2025, PITx launched an Electric Vehicle (EV) shuttle service with a route to the SM Mall of Asia complex in Pasay. This service has ten designated drop-off points, catering to thousands of mallgoers,

⁹ <https://www.philstar.com/business/2025/03/18/2429094/pitx-nears-200-million-passenger-milestone>

office workers, and condominium residents. Three electric minibuses with a capacity of 30 passengers were initially deployed, with these units plying the route every 30 minutes from 7am to 7pm.¹⁰

On June 30, 2025, the Commission on Audit (COA) Performance Audit Report questioned the “cost escalation” and significant delays in the PITx construction in 2018.¹¹ The project cost surged from the National Economic and Development Authority (NEDA)-approved ₱2.5 billion to ₱4.7 billion. COA also cited that the additional cost incurred lacked proper justification and comprehensive documentation, raising concerns about their necessity and value. MWMTI then acknowledged it missed submitting documentary requirements.

COA consequently asked DOTr to present a breakdown. In response, DOTr submitted a letter from MWMTI explaining that additional ₱2.2 billion was for the construction of the commercial buildings. The government auditor is yet to receive the necessary documents to determine the validity of project costs.¹²

Customers

Contracts of Lease for Office Spaces

MWMTI has existing contracts with traditional and non-traditional office tenants. The contracts are for a period of five years with an annual escalation rate of 5.0% on the monthly rent. The contracts require four to six months security deposit and three months advance rent.

Contracts of Lease for Retail/Commercial Spaces

MWMTI has existing contracts with various tenants and concessionaires for a period of one to eight years. The monthly rental rates of some contracts are based on the monthly income of their business, while others pay a fixed rate. All contracts have a provision on the payment of security deposit and advance rent. Examples of MWMTI’s commercial tenants are Alfamart, Miniso, Bench, Jollibee, Chowking, McDonald’s, Mang Inasal, Yellow Cab and Wendy’s.

Real Estate Operations

On July 12, 2023, Megawide executed a Share Purchase Agreement to acquire 100.0% of the outstanding capital stock of PH1 from Citicore Holdings Investment Inc. (CHII) for a total cash consideration of ₱5.2 billion. This acquisition extended the vertical integration of the Company’s existing EPC and PCS capabilities to property development, harnessing synergies and paving the way for progression into a higher value-added business.

PH1 is the property development arm of Megawide that envisions to “disrupt” local real estate landscape and conventions through innovation and engineering technology, bringing new technology from Japan and Germany. PH1 targets the affordable and mid-income housing market segment to help address the six million housing backlog in the country. Operations in this segment primarily involves buying, selling, leasing, developing, and managing real estate properties including but not limited to condominiums, house and lots, and commercial units.

Table 4 shows PH1’s property portfolio as of end-2024.

¹⁰ <https://www.abs-cbn.com/news/weather-traffic/2025/1/24/pitx-launches-ev-shuttle-service-going-to-sm-mall-of-asia-complex-0027>

¹¹ <https://www.coa.gov.ph/reports/performance-audit-reports/2025-2/paranaque-integrated-terminal-exchange-pitx-project/>

¹² <https://www.rappler.com/philippines/coa-questions-pitx-project-construction-cost-2025/>

Table 4: Property Portfolio of Real Estate Segment

| Project | Location | Status | Launch Date | Completion Date |
|------------------------------|-------------------------------------|-----------|--|------------------|
| The Hive | Ortigas Ave. Ext. Taytay, Rizal | Completed | 2015 | 2023 |
| My Enso Lofts | Timog Ave., Quezon City | On-going | 2020 | 2027 |
| Modan Lofts Ortigas Hills | Ortigas Ave. Ext. Taytay, Rizal | On-going | Phase One – 4Q 2022 Phase Two – 2Q 2024 | Phase One – 2026 |
| One Lancaster Park | Lancaster New City, Imus, Cavite | On-going | Phase One – 4Q 2021 Phase Two – 3Q 2024 | 2033 |
| Lykke Condo | Amang Rodriquez Ave., Pasig City | Launched | 4Q 2024 | Tower One – 2029 |
| Northscapes | San Jose Del Monte, Bulacan | On-going | 4Q 2022 | 2025 |
| Southscapes | Trece Martines, Cavite | On-going | 2Q 2024 | 2026 |

In 2024, PH1 registered robust sales from its new and ongoing projects. Reservation sales amounted to ₱2.6 billion in 2024, as such total reached ₱11.8 billion, which are expected to translate to revenues over the next two years as construction progress on these projects accelerate. Furthermore, the Company has unsold inventory worth ₱11.0 billion as of end-2024, providing a healthy stock of future sales and revenue. In 1Q2025, reservation sales amounted to ₱922.0 million.

Located in a 6.3-hectare land, One Lancaster Park in Imus, Cavite is PH1's flagship residential condominium. The development is comprised of nine mid-rise towers, with units having a free upside feature through loft spaces. It is located ten minutes away from Cavite Expressway and ten minutes from Manila International Airport.

Southscapes Trece Martires is PH1's second horizontal development, which is situated on a five-hectare lot. PH1 designed its horizontal development units to incorporate energy-efficient innovations such as *Solar Save* (solar panels to dampen energy consumption), *Resi-Shade* (window technology innovation to decrease air-conditioning reliance), and *TropiCool Insulated Walls* (stabilizes indoor temperatures).

Lykke Condo is a residential development located in Pasig City, designed to offer modern urban living with Scandinavian-inspired architecture. It is situated along Marcos Highway near Ayala Malls Feliz and the Marikina-Pasig station of the expanded LRT-2. It will be approximately 5,000 sqm in size, including three towers with up to 28 residential floors, landscaped gardens, and recreational spaces. This project integrated PH1's *Add-Loft Technology* (which increases living space by 38%).¹³

Customers

PH1 customers primarily are end-users, intending personal use of purchased properties. These include first-time homebuyers and individuals and families with motivations to upgrade living conditions. Additionally, there are also investor-type customers, who acquire properties in hopes of generating rental income and/or capital appreciation.

¹³ <https://lykke-kondo.com/>

Suppliers

The real estate segment is forwardly integrated with Megawide, which is its parent company and sole general contractor. Services such as property management, janitorial, security, professional and consultancy, and utility, on the other hand, are outsourced. Service providers are selected by assessing track-record, pricing, technical expertise, and efficiency.

Discontinued Operations

Airport Operations

On December 16, 2022, Megawide, with GMR Airports International B.V. (GAIBV), closed the deal with AIC. AIC acquired GAIBV and Megawide's shares in GMCAC, the airport operator, for an initial ₱9.5 billion covering 33.3% minus one share in GMCAC. The remaining ownership interest is classified as Non-current Asset Classified as Held for Sale. Under the deal, Megawide and GAIBV will then issue ₱15.5 billion worth of exchangeable notes to AIC. When the notes mature in 2024, AIC is expected to trade these for the remaining 66.6% plus one stake in GMCAC. Upon the conversion of exchangeable notes on October 30, 2024, AIC will have 100% ownership of GMCAC.

On October 30, 2024, Megawide opted to exchange its remaining 33 and 1/3% plus one share in favor of AIC for a total consideration of ₱7.76 billion. The transaction was in accordance with the Share Subscription and Transfer Agreement among Megawide, GAIBV, and AIC.

With this, Megawide was able to shift its focus to its infrastructure development portfolio, which includes the Company's foray into rail transport, social and digital infrastructure, urban redevelopment, and renewable energy capacity build up.

Other Developments

Cavite Bus Rapid Transit (CBRT)

On December 26, 2024, Megawide Construction Corp. and its partner, Maplecrest Group Inc. (MGI), received the Notice of Award for the ₱1.87 billion CBRT project. This is a PPP under a 30-year "Build-Operate-Transfer" agreement, with the aim of building Cavite's first bus rapid transit that will improve public transportation around the province. The project also includes the development of a point-to-point (P2P) system connecting Cavite to Metro Manila via the PITx. The BRT is therefore seen to complement the operations of Megawide's PITx.

On January 27, 2025, the Company and MGI, through their JV Cavite Rapid Transport, Inc., officially signed the contract for the CBRT project. This will be developed in two phases: the initial phase is estimated to serve 10,000 daily passengers, with three terminals, 27 stations, a BRT, and a Point-to-Point (P2P) system reaching Kawit, Imus, General Trias, and Tanza. Phase II will add one terminal, 20 stations, and an extension to Trece Martires, linking it with the PITx and Metro Manila business districts, expanding total capacity to 80,000.¹⁴ This project is seen to reinforce Megawide's expansion of its transport-centric development (TCD) portfolio, in line with its direction towards pursuing several big-ticket infrastructure projects in the country to strengthen its revenue predictability and others. Phase I of the CBRT project is currently ongoing.

¹⁴ <https://megawide.com.ph/megawide-maplecrest-and-cavite-provincial-govt-seal-partnership-for-cavite-bus-rapid-transit-system/>

Pambansang Pabahay Para sa Pilipino Housing (4PH) Program^{15,16}

On May 28, 2024, PH1 held the groundbreaking ceremony for its new PPP project with the local government of Imus, Cavite: the Avesta project. This is the company's maiden entry into the government's flagship 4PH housing program. The project involves the construction of a five-tower, 1,100-unit affordable mid-rise residential condominium inside a 1.3-hectare property in Barangay Malagasang 1-G. Each unit will span 27 sqm and cost approximately ₱1.7 million to ₱2.0 million to construct. Department of Human Settlements and Urban Development (DHSUD) Secretary Jose Rizalino Acuzar stated that this project would significantly contribute to the Marcos administration's objective of delivering one million housing units annually until 2028.

In May 2025, PH1 broke ground for four new locations of the 4PH program in Cavite—two in Dasmariñas and two in Bacoor. With these five projects (including the Avesta project), PH1 expects to build 7,000 residential units over the next two to three years in the province of Cavite.

The Company expects that its foray into the government's 4PH program will provide PH1 with scale and considerable inroads into the highly competitive local property sector, while harnessing synergies within the Group via vertical integration with its EPC services and PCS products. Moreover, given its mechanics and targeted market, the 4PH program is viewed to be less susceptible to economic cycles, therefore subduing market risk from a developer's perspective.

Ownership and Management

As of March 31, 2025, the major owners of Megawide are CHII and Megacore Holdings, Inc. (Megacore), which owned 35.4% and 30.7% of the Company's shares, respectively. Citicore and Megacore are both owned by Edgar B. Saavedra.

CHII was incorporated on December 3, 2011, and operates primarily as a holding company with ownership interests in Megawide and other affiliates. On the other hand, Megacore was incorporated on July 20, 2017 and was primarily organized to invest in or purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose real or personal property including shares of stocks, subscriptions, bonds, debentures, evidences of indebtedness and any securities of any corporations.

Mr. Saavedra is one of the co-founders of Megawide, and serves as the Chairman of the Board, CEO and President of Megawide. He has more than 20 years of engineering experience. He is concurrently the Chairman and President of CHII and Megawide Land, Inc. (MLI). He is also the Chairman of Altria East Land Inc. (Altria), MWMTI, Cebu2World, Citicore Power Inc. (CPI), Citicore Energy REIT Corp. (CREIT), Citicore-Megawide Consortium, Inc., Tunnel Prefab Corporation, Wide-Horizons, Inc., MTI, Megawide OneMobility Corporation, CREC, and PH1. Mr. Saavedra received his Bachelor's degree in Engineering from De La Salle University. After obtaining his license as a Civil Engineer, he pursued special studies in Foundation Formworks in Germany, through the Philippine Institute of Civil Engineers.

Manuel Louie B. Ferrer serves as the Vice-Chairman of the Board and Executive Director for Infrastructure Development. He serves as a Director and the President of Altria and MTI. He is also a Director of Cebu2World, CHII, MWMTI, CREIT, and MLI. Mr. Ferrer also serves as a Director and Vice Chairman of

¹⁵ https://megawide.com.ph/wp-content/uploads/2024/08/CORP.-CCAB.-COM.-Press-Release.-PH1-World-Developers-bolsters-DHSUD-housing-targets-with-groundbreaking-of-Imus-Cavite-4PH-project.-2024-05-29_for-release.pdf

¹⁶ <https://manilastandard.net/?p=314454347>

PH1. In addition, he is a Director and the Treasurer of CPI and CREC. Mr. Ferrer obtained his degree in Industrial Design in 1996 from De La Salle University.

Jez G. Dela Cruz was appointed as the Group Chief Finance Officer (CFO) in April 2024. He is concurrently a Director and Treasurer of CREIT, as well as a Director of CPI. Prior to becoming the Group CFO, he was Assistant Vice President and Head of Corporate Finance and Planning of Megawide. He was also a Director of GMCAC. Before joining Megawide, he was a banker for BPI Capital Corporation and Citibank N.A., as well as the former Financial Planning Manager of San Miguel Beer's international business. Mr. Dela Cruz obtained his Master of Business Administration degree from the Asian Institute of Management and is a Certified Management Accountant (CMA).

Mr. Saavedra and the other executives are the key decision makers of Megawide. In relation to this, the Company is continuously hiring experts to further strengthen and professionalize its organizational and management structure. Megawide continues to bolster its management positions to spread out responsibilities.

Strategy

The Company sees various opportunities in private domestic real estate construction, public infrastructure projects, and transport-oriented developments, specifically in terms of addressing and improving the infrastructure development in the country through the government's initiative under its BBM program. Specifically, the Company is keen on the following business strategies: (1) expand its business into other segments, including but not limited to public infrastructure developments; (2) actively pursue value-accretive transport-oriented projects in the government pipeline; (3) capitalize on its fully-integrated EPC advantages; (4) leverage organizational competence and flexibility; and (5) constantly improve productivity and enhance operational efficiency in its ongoing and future projects.

Megawide is strengthening its portfolio towards more cycle-resilient, scalable, and higher growth segments. At the same time, it plans to replicate its transformative value-creation model in other sectors, particularly in transport, social, and digital infrastructure spaces, by modernizing and innovating systems and structures that will help jumpstart the Philippines' recovery in the "new normal".

Sustainability Framework

Megawide is pursuing a long-term sustainable growth agenda. The Company believes that delivering strong financial results facilitates the long-term sustainability of its business. This will also give the Company the opportunity to develop a comprehensive and inclusive social and environmental sustainability program.

In terms of environmental compliance, Megawide ensures that its operations are in accordance with environmental laws, regulations, and standards locally and internationally. Both construction and engineering industries are among the highest consumers of energy, with significant electricity and fuel usage across its activities and operations. Hence, Megawide continued to explore and adapt renewable energy options through the Green Energy Option Program (GEOP) while actively promoting awareness to reduce consumption. Water usage and disposal, waste, and air emission of the Company are also consistently measured and monitored, adapting Research and Development (R&D) technologies to ensure efficient utilization of resources.

In 2024, the Company launched various sustainability initiatives which aimed to improve road safety and driver well-being, promote waste reduction, increase digitalization, among others. There is also a

Compliance Team in place, responsible for monitoring, updating, and communicating with regulating agencies, along with keeping abreast of global levels. Additionally, the team is responsible for identifying any new environmental regulations that may apply to Megawide's operations.

Megawide recognized that lack of employee support leads to reduced productivity, elevated stress levels, and increased employee turnover. As such, it provides employees with basic needs and valuable benefits to promote a productive workforce. It also equips employees with training and education for their professional development, enabling them to make greater contributions to the Company. In relation to labor management relations, Megawide has appropriate avenues for employees to express their concerns and implements the proper procedures and initiatives to address labor management issues. It also promotes equal opportunity and values diversity across the Group.

Megawide continues to uphold a culture of corporate governance and accountability to prevent any incidents of corruption. It has established the necessary policies and initiatives that promote ethical behavior within the business. All codes and policies are regularly reviewed and consistently enforced throughout the Group. Its operations also undergo in-depth internal audits to monitor compliance with the Company's anti-corruption policies and to identify, evaluate, and address potential and actual incidents of corruption. It has also established various grievance mechanisms and internal programs to encourage individuals to report perceived anomalies and irregularities anonymously. This is handled confidentially throughout the investigation.

Legal Issues

Analysts' Note: This section provides updates on legal issues considered material to Megawide.

ACI, Inc. vs. Megawide

Megawide filed a complaint against ACI, Inc. with the Construction Industry Arbitration Commission (CIAC) on January 10, 2023. This complaint involved a contract entered into between ACI and the Company for the design and construction of the Araneta Cyberpark Tower 2. The Company's aggregate claim against ACI amounts to ₱339,652,816.73. In response, ACI filed a permissive counterclaim in relation to another contract executed by the Company and ACI relating to the general construction of Gateway Mall 2/Ibis Hotel. ACI's counterclaim amounts to a total of ₱1,527,279,241.00. On January 11, 2024, the Company received a decision ("Final Award") dated January 11, 2024 rendered by the CIAC, in which ACI was ordered to pay ₱180,244,043.50 with 6% interest per annum from the date of the award until the amount is fully paid.

On March 4, 2024, the Company received a copy of the Petition for Review on Certiorari filed by ACI with the Supreme Court, seeking to reverse the Final Award. In the same month, ACI also posted a bond equivalent to the Final Award to stay its execution pending review. The CIAC confirmed the bond's sufficiency and ordered the stay of execution of the Final Award pending Supreme Court's review. In a Resolution dated January 22, 2025, the Supreme Court First Division denied the Petition for Review filed by ACI. An Omnibus Motion dated April 11, 2025 was then filed by ACI with the Supreme Court First Division: (a) for reconsideration of the Resolution dated January 22, 2025, and (b) for referral of the case to the Supreme Court En Banc.

Megawide vs. Department of Education

On March 4, 2024, Megawide filed a Complaint against the Department of Education (DepEd) with CIAC for the payment of sum of money with damages amounting to ₱334,189,264.21. The claim arose from the non-payment of variation orders by DepEd involving the construction of classrooms.

On February 14, 2025, Megawide received a copy of the Final Award issued by the CIAC Arbitral Tribunal, which denied the Company's claim for payment of variation works performed in the construction of the classrooms under School Infrastructure Project No. 2012-2, Contract Package A. On March 21, 2025, Megawide filed its Petition for Review on Certiorari with the Supreme Court.

Complaint Against the Redevelopment of the Carbon Market Complex in Cebu City

The petitioner, Tomas R. Osmeña, was the former mayor of Cebu City. He alleges that the act of the execution of the JV agreement in relation to the Carbon Market Redevelopment resulted in a violation of the Constitutional provisions, laws, rules and regulations (such as the due process and equal protection clause of the Constitution, Civil Code provisions on usufruct, Magna Carta for the Poor, Philippine Competition Law, among others). In his petition, he is seeking that the JV entered by Megawide and the Cebu City Government should be declared void and inexistent.¹⁷

Megawide asserted that the petition should be denied for noncompliance with the requirements 26 under Rule 65 of the Revised Rules of Court, stating that the petitioner's lawyer must be different from the notarizing lawyer. In addition, the Company asserts that the JV agreement is valid and constitutional as it does not violate procedural due process and substantive due process nor any other law and local ordinance. It likewise raises the defense that the petitioner committed forum shopping.¹⁸ Lastly, Megawide asserted that there is no sufficient ground for the issuance of a Temporary Restraining Order, Writ of Preliminary Injunction, or Mandamus.

The court denied the petitioner's application for a Preliminary Injunction in its Order dated July 10, 2024. On August 5, 2024, the petitioner filed a Motion for Reconsideration of the denial. In an Order dated December 18, 2024, the court denied the Motion for Reconsideration. The court also denied the petitioners' Motion for Summary Judgment in Part (in place of a Memorandum), and the petitioner was ordered to provide a Memorandum related to the main matter. A decision will be made on the case after this submission.

On July 14, 2025, the Court issued an order directing petitioner—who had assumed office as the newly elected Vice Mayor of Cebu City—to manifest, within 15 days from receipt of the order, whether he still intends to pursue the petition. The petition is directed against elected officials of Cebu City in their official capacities, including then Vice Mayor Hon. Raymond N. Garcia, whom Osmeña has since replaced.

HTLand, Inc. Request for Arbitration

On November 13, 2024, the Company received a Request for Arbitration filed by HTLand, Inc. (HTLI) in connection with the All-Inclusive Construction Works Agreement dated June 3, 2019, for the construction of the project known as "Mandani Bay Quay - Phase 2 Block 1". In the Request for Arbitration, the total sum in dispute claimed by HTLI against the Company is ₱1,295,393,641.05, excluding interest on all claims apart from the amount reconciled by the Company and HTLI. Furthermore, instead of a formal prayer for payment of rectification and completion costs, the petitioner applied for a declaratory award requesting the CIAC to formally declare that HTLI is entitled to such costs (Non-monetary Claim). On December 9, 2024, the Company submitted its Answer with Compulsory Counterclaim. The Company's counterclaim

¹⁷ <https://www.sunstar.com.ph/cebu/petition-to-stop-carbon-market-project-denied-anev>

¹⁸ Forum shopping is committed by a party who institutes two or more suits involving the same parties for the same cause of action, either simultaneously or successively, on the supposition that one or the other court would make a favorable disposition or increase a party's chances of obtaining a favorable decision or action.
https://lawphil.net/judjuris/juri2020/nov2020/gr_214526_2020.html

amounts to ₱547,542,979.00. The amounts stated in the claims and counterclaims filed by both parties are subject to verification and thorough evaluation of the pleadings, documentary evidence, and other submissions. Through the arbitration process, an independent and impartial body reviews these materials. On December 16, 2024, HTLI filed a Motion for Extension of Time and asked for an additional period of until January 10, 2025 to file its Reply to the Company's Answer with Compulsory Counterclaim, which was granted by CIAC. On January 10, 2025, HTLI filed its reply accordingly.

Case management conferences were held by the CIAC on March 7, 2025 and March 27, 2025 to clarify HTLI's Non-monetary Claim. CIAC, through its Order on April 30, 2025, required HTLI to choose between three options: (a) Amend its Complaint to formally include as monetary claims its claims for completion and rectification costs; (b) Amend its Complaint to remove its Non-monetary Claim; and (c) Retain its Complaint but quantify its claims for completion and rectification costs for purposes of adjusting the arbitration fee. HTLI chose Option (c) on May 9, 2025.

The CIAC issued an Order on May 12, 2025: (i) giving Megawide until May 28, 2025 to either [a] submit a manifestation stating that it will not amend or supplement its Answer with Compulsory Counterclaims or [b] file any amended or supplemental Answer to the Complaint, and (ii) setting the preliminary conference on June 25, 2025.

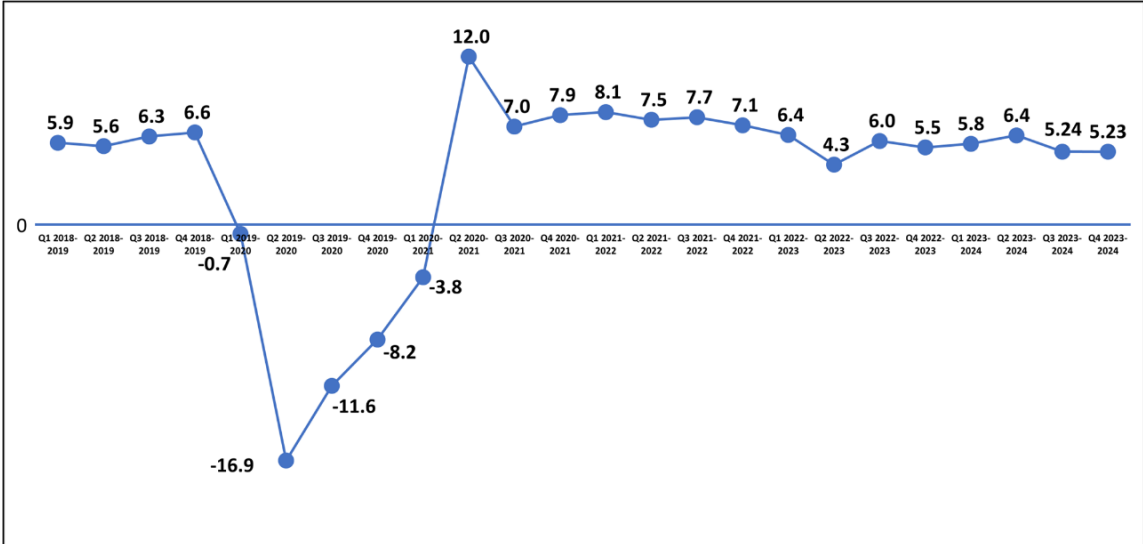
On May 19, 2025, HTLI filed a Motion for Reconsideration, praying that it be allowed to pay reduced arbitration fees—requesting the CIAC to: (i) compute arbitration fees excluding arbitrators' fees based on the original sum in dispute only, and (ii) compute the arbitrators' fees based on the original sum in dispute plus the estimated rectification and completion costs.

On May 28, 2025, the Company filed (i) an Opposition praying that HTLI's Motion for Reconsideration be denied; and (ii) Omnibus Motion praying, among others, that HTLI's Non-monetary Claim be dismissed on the ground of prematurity and for lack of jurisdiction.

On June 25, 2025, Preliminary Conference was held and attend by the Company and HTLI. On June 30, 2025, the Company filed a Petition for Judicial Reliefs before the Makati Regional Trial Court, challenging the jurisdiction of CIAC, and praying that HTLI's Non-monetary Claim be dismissed on the ground of prematurity and for lack of jurisdiction.

ECONOMY

Figure 1: Historical Gross Domestic Product (GDP) Growth Rates¹⁹



Gross Domestic Product^{20,21}

The Philippine economy grew by 5.6% in 2024, faster than the previous year’s 5.5% growth, albeit slower than the government’s growth target of 6.0% to 6.5%. Nonetheless, the country is the second fastest growing economy in ASEAN, with Vietnam as first.

Industries that made the biggest contributions to the growth of 2024 were construction (+10.3%), financial and insurance activities (+9.0%), and wholesale and retail trade, motor vehicle and motorcycle repair (+5.6%). These industries remain as the largest contributors from last year, but now with construction outpacing financial and insurance activities.

The Industry and Services sectors grew by 5.6% and 6.7%, respectively. In contrast, the Agriculture, Forestry and Fishing sector contracted by 1.6%, attributed to the record-breaking typhoon season—six typhoons struck the country from the end of October until the middle of November.

On the demand side, Household Final Consumption Expenditure (HFCE) expanded by 4.8%, more gradually than 2023’s 5.6%. Government Final Consumption Expenditure (GFCE) recorded an increase of 7.2%, from 0.4% growth in 2023. As Department of Budget and Management (DBM) Principal Economist Joselito R. Basilio stated, “The significant contributions of government spending highlight the effectiveness of the National Government’s efforts in sustaining economic growth, particularly in addressing issues of underspending, providing sufficient budgets to programs with the highest multiplier effects, and intensifying efforts to advance the country’s infrastructure systems through the BBM Program.”

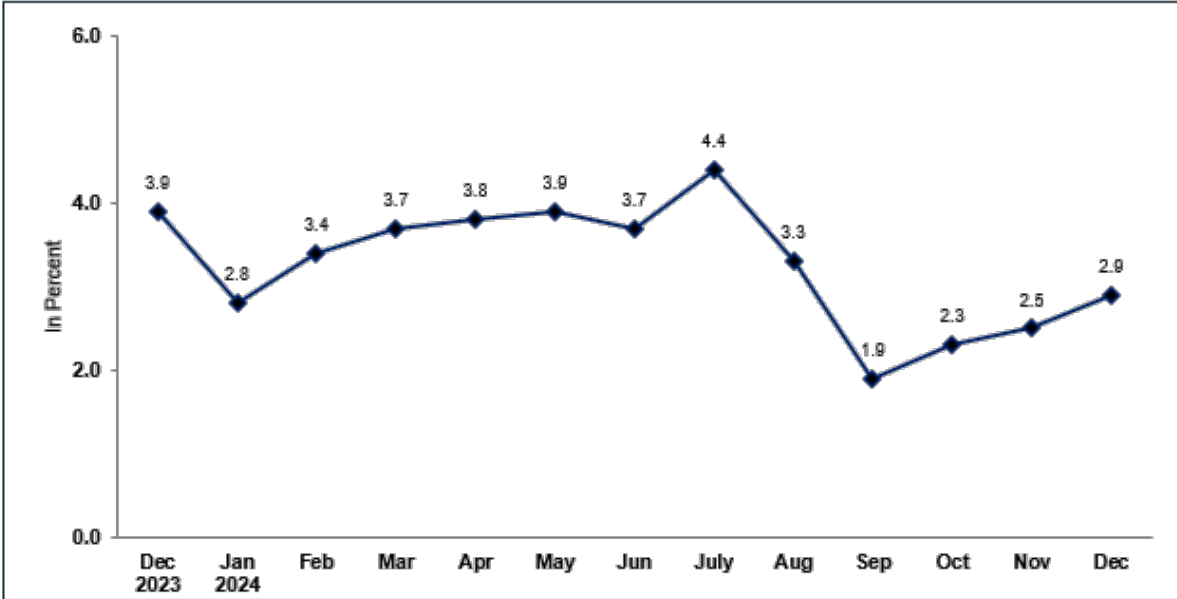
¹⁹ <https://psa.gov.ph/content/gdp-expands-52-percent-fourth-quarter-2024-brings-full-year-2024-gdp-year-year-growth-rate>

²⁰ <https://www.dbm.gov.ph/index.php/management-2/3199-pangandaman-welcomes-2024-gdp-growth>

²¹ <https://www.mckinsey.com/featured-insights/future-of-asia/southeast-asia-quarterly-economic-review>

Inflation and Interest Rates

Figure 2: Historical Inflation²²



The uptrend in headline inflation rate since September 2024 persisted until December 2024 (2.9%). Inflation throughout the period were nonetheless lower than those recorded in 2023. The Philippines’ annual average inflation rate slowed down from 6.0% in 2023 to 3.2% in 2024, hence the government’s full-year target of 2.0%–4.0% was achieved.

The country’s inflation rate eased to 1.3% in May 2025, the lowest recorded in the past five years, on the back of lower utility costs during the period. In June 2025, however, headline inflation inched up to 1.4%. This was mainly attributed to the faster annual average increase in the index of housing, water, electricity, gas and other fuels, and transport. Such nonetheless remained slower than the 3.7% recorded in June 2024. The semester’s average stood at 1.8%.

The Bangko Sentral ng Pilipinas (BSP) maintained the benchmark interest rate at 6.50% from October 2023 until its meeting in June 2024. The Monetary Board then decided to reduce BSP’s Target Reverse Repurchase (RRP) Rate by 25 basis points to 6.25% in August 2024 and further to 6.0% and 5.75% in October 2024 and December 2024, respectively. Policy rate was further eased to 5.5% in April 2025 and 5.25% in June 2025, as inflation remained benign. The further relaxing of policy rates is expected to stoke investors’ appetite to execute expansion plans and for end-users to increase purchases.

Outlook

In 1Q2025, Philippine GDP posted a YoY growth of 5.4%, slower than the previous year’s 5.9%. Nonetheless, the government remains bullish on GDP growth reaching the 6.0% to 8.0% target for 2025. According to the Department of Finance (DOF) Secretary Ralph G. Recto, 1Q2025 GDP growth was fueled by lower inflation, higher consumption, and more investments. Also, with the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE)

²² <https://psa.gov.ph/content/summary-inflation-report-consumer-price-index-2018100-december-2024>

Act taking effect, there is greater anticipation of strong business interest from investors after the World Economic Forum and Philippine Business Dialogue in the Netherlands.

On the other side, weather disruptions, severe natural catastrophes, a sharp and prolonged global economic recession in key economies, sustained geopolitical tensions and conflicts, trade wars, and protectionist trade policies, particularly in the US, are some of the major domestic and external concerns for 2025.²³

The Asian Development Bank (ADB) reported in April 2025 that it expects the Philippine GDP to grow by 6.0% in 2025, backed by strong domestic demand, modest inflation, and investment growth on brisk public and private construction. This rate diminished from the 6.2% forecast in December 2024 due to lower-than-expected household spending growth in the fourth quarter of 2024 (4Q2024). Moreover, GDP is expected to expand by 6.1% in 2026. In July 2025, however, the ADB further reduced its forecast for 2025 and 2026 to 5.6% and 5.8%, respectively, citing external headwinds.

In April 2025, Moody's Analytics (MA) also reduced its 2025 GDP growth prediction for the Philippines, from 5.9% to 5.8%, due to "weaker growth prospects" brought on by the reciprocal tariffs imposed by the United States.²⁴ A chart from MA displayed that the 17% tariff could have a direct hit of -0.4% on GDP, considering the country's top destination for exports is the US, accounting for about 17% of the total in 2024. ADB's and MA's latest forecasts are nevertheless within the Marcos administration's recently downward revised target of 5.5% to 6.5% for 2025.

The average inflation is projected to settle within the government's 2.0%–4.0% target range in 2025 and 2026, primarily due to the decline in prices of rice on account of the tariff deductions. The second half of 2025, however, may see above-target inflation, mostly because of base effects from a reduction in commodity price pressures.²⁵ Based on the latest data from the Philippine Statistics Authority (PSA), headline Inflation further eased to 0.9% in July 2025, bringing the average for the first seven months of 2025 to 1.7%.²⁶

The PSA also reported that the Philippine GDP expanded by 5.5% YoY in 2Q2025. All major economic sectors recorded growths. The major expenditure items also registered improvements, including HFCE and GFCE which grew by 5.5% YoY and 8.7% YoY, respectively.

INDUSTRY

Construction

The construction industry remains optimistic. Between 2020 and 2024, the nation's construction market grew rapidly, with a CAGR of 11.8%. It is anticipated that this rising trend will continue, with the market expanding at a CAGR of 6.6% from 2025 to 2029.²⁷ In addition, construction remained a key driver of GDP growth, with its 7.5% contribution to GDP in 2024.

²³ <https://www.dof.gov.ph/ph-economy-maintained-steady-growth-in-2024-despite-challenges-outlook-for-2025-remains-bullish-driven-by-lower-inflation-higher-consumption-and-investments/>

²⁴ <https://www.bworldonline.com/top-stories/2025/04/11/665343/moodys-analytics-trims-phl-growth-forecast-on-us-tariffs/>

²⁵ <https://www.bworldonline.com/top-stories/2025/04/11/665343/moodys-analytics-trims-phl-growth-forecast-on-us-tariffs/>

²⁶ <https://psa.gov.ph/content/summary-inflation-report-consumer-price-index-2018100-july-2025>

²⁷ <https://www.globenewswire.com/news-release/2025/04/04/3055797/28124/en/Philippines-Construction-Industry-Report-2025-Market-to-Grow-by-8-4-to-Reach-PHP-1-94-Trillion-this-Year-Forecasts-to-2029.html>

Furthermore, anticipation runs high as over the next 15 years, the Philippines is predicted to have one of the fastest-growing construction markets, according to Oxford Economics and AON. This is aided by the government's push for PPP for infrastructure developments such as NSCR, the MMSP, and the MRT Lines 4 and 7, as well as population growth and fast urbanization.

Infrastructure

DBM Secretary Amenah Pangandaman stated that infrastructure development plays a crucial role in our economic strategy to expand and modernize our roads, bridges, and public transport systems. Considering this, the infrastructure budget for 2025 amounts to ₱1.5 trillion, a 0.3% decrease from the previous year's budget, which represents 5.2% and 5.7% of our GDP, respectively. This funding promotes the BBM initiative of the current administration and supports the PDP 2023-2028.

As of March 2025, there are 176 projects in the pipeline under the PPP framework, with a total value of ₱2.6 trillion. These projects span transportation, water supply, and aviation, and are designed to enhance connectivity, improve public services, and stimulate regional development.²⁸

Transportation

The NEDA identified 185 Infrastructure Flagship Projects (IFPs) with a total value of ₱9.1 trillion as of January 2025. Among these, ten ongoing projects are under the DOTr, to improve the country's commuting system, and are expected to be finished by 2028. On the contrary, the DOTr's budget for 2025 has been sliced to nearly half of its proposed amount, contracting from ₱180.0 billion to ₱87.2 billion.

The Rail Transport Program, which includes the government's flagship train infrastructure projects such as the MMSP, was under the Office of the Secretary, subject to the material budget cut. The National Expenditure Program (NEP) initially proposed ₱107.3 billion for the Rail Transport Program, but in the 2025 General Appropriations Act (GAA), this was reduced to only ₱1.4 billion.²⁹ Taking this into account, DOTr Secretary Jaime Bautista stated that "cuts in its 2025 budget would have a minimal impact on its 16 IFPs that need to be implemented as soon as possible", explaining that it would be able to access funding from loan proceeds despite the reductions in budget from foreign-assisted projects.³⁰

According to research by the Philippine Institute for Development Studies (PIDS), the Philippines' transportation infrastructure development is still lagging its neighbors in Southeast Asia, with the lowest railway density index in ASEAN at about 1.5 kilometers per square kilometer. Even if there are several railway projects planned, there is still more work to be done to satisfy the rising demand.

Real Estate

Residential

Similar to 2023, the condominium market in Metro Manila faces tailwinds due to the overhang of unsold ready-for-occupancy (RFO) units in 2024. Colliers recorded historic-low launches and take-up due to developers' passive geographic diversification strategies and buyers' dampened appetite in the capital region. As of 1Q2025, demand for units picked up, supported by the RFO promos launched and offered by developers. The residential market outside Metro Manila, on the other hand, continues to show strong take up, especially in Cebu, Bacolod, Iloilo, Davao, Pampanga, Bulacan, Cavite, and Laguna.

²⁸ <https://www.colliers.com/en-ph/news/philippine-economic-infrastructure-leap-2025>

²⁹ <https://www.philstar.com/headlines/2025/01/06/2412267/budget-slash-final-dotr-funds-reduced-p92-billion>

³⁰ <https://www.pna.gov.ph/articles/1241205>

Units completed in 2024 numbered 7,800, higher than the previous year's 3,540 units, but lower than the forecast of 11,290 units. This resulted from delays in the turnover of some projects, particularly those in the Bay Area. In 1Q2025, no additional supply was recorded, but it is estimated that 8,620 units will be delivered in 2025, up 10% YoY. Over 60.0% of the new supply is expected to come from the Bay Area, overtaking Fort Bonifacio as the largest residential hub. From 2025 to 2027, annual average completion is expected to be 5,800 units, well below the 13,000 average during the peak of POGO demand.

The Metro Manila residential take up in 1Q2025 was at a measly 87 units, 97% lower YoY, due to significant back-outs for older residential projects. The lower and upper mid-income segments (₱3.2 million to ₱12 million) accounted for 65% of total back-outs during the period. Take up was 9,100 in 2024, lagging 2023's 23,400 condominium units in the pre-selling market. There was also a shift towards upscale and luxury segments (₱12.0 million and above), taking up 41.0% of total condominium launches, from 20.0% in 2023. Colliers believe that high land values, still-elevated interest and mortgage rates, and the increasing prices of construction materials compelled such change.

In 2024, 10,500 condominium units in the Metro Manila pre-selling market were launched, 58% lower YoY. In 1Q2025, 5,300 units were reported, 83% higher than 1Q2024 and the highest recorded since the third quarter of 2023 (3Q2023). Launches, nonetheless, remained conservative relative to pre-pandemic levels, as developers prioritized new residential projects outside the capital region and exhausting remaining inventory. Colliers recommended strategy revisits by possibly offering curated promos for RFOs, development of leisure-oriented projects, and location diversification.

Vacancy in Metro Manila secondary market rose to 23.9% in 2024 and 24.3% in 1Q2025. The latter was an all-time high, driven by the lingering impact of the POGO ban. By end-2025, vacancy rate is projected to reach 26%, given the anticipated delivery of new projects.

Office

The Metro Manila office market recorded its first negative take-up in 2024 since 2021, with -150,000 sqm, down from 335,700 sqm in 2023. The exit of POGOs and non-renewal of pre-pandemic leases contributed to sizable space surrenders. Nevertheless, expansions from traditional and outsourcing occupants alleviated the sharp decline. In 1Q2025, net take-up rebounded to 77,100 sqm, already surpassing half of the annual target for 2025, mainly due to the contributions of the first major preleasing activity recorded since 2022.

In 2024, office deals reached 751,500 sqm, down by 9.0% from 2023. In 1Q2025, Metro Manila office transactions reached 237,700 sqm, a 66% quarter-on-quarter (QoQ) improvement, due to activity pickup secondary to the impact of the US election period. Traditional firms continued to drive office space transactions, accounting for 61% of total deals. This is followed by third party outsourcing (34%) and Shared Service firms (5%). Closed deals during the period were mainly for expansions (56%), followed by relocations (34%) and new set-ups (10%).

As of 2024, vacancy rate rose from 19.3% in 2023 to 19.8%, exceeding the 19.6% projection for the year. This was driven by the exit of POGOs and non-renewal of pre-pandemic leases, vacating about 334,000 sqm of office space. In addition, new office supply amounted to 182,400 sqm. This is below 70.0% of the number recorded in the previous year however, and less than the 295,700 sqm projection due to construction delays, subdued preleasing, and elevated vacancies.

Vacancy rate as of 1Q2025 slightly improved to 19.7%, With the expected additional supply reaching 612,300 sqm in 2025, however, vacancy is forecasted to rise to 22.0%. Makati central business district (CBD), nonetheless, sustained a continuous decline in vacancy rates in the past quarters. With no major office completions until 2029, Makati CBD is predicted to shift to a landlord's market by 2026.

In 1Q2025, Colliers recorded the delivery of 96,800 sqm of new office space, minimally higher than 96,100 sqm in 1Q2024. Additional supply of office space in 2025 is expected to be 612,300 sqm, lower than the 655,800 sqm previous projection due to construction delays. The annual delivery of new supply from 2025 to 2027 is forecasted to be 355,800 sqm, given caution on portfolio vacancies.

Metro Manila's average lease rate decreased by 0.3% in 2024. CBDs Makati, Ortigas, and Fort Bonifacio continued to have marginal recovery, while submarkets with significant vacancies had stable rates. In 1Q2025, Metro Manila rent prices dropped by 0.4%, with the Bay Area recording the largest decline of 2.1%. This was due to high office space supply in the area. Makati CBD premium office rents, on the other hand, increased by 3.1% QoQ. In contrast, provincial office markets exhibited resilience, with sustained transaction volumes and additional developing locations, signaling occupier demand outside Metro Manila.

Considering the abundance of office space, tenants are advised to execute flight-to-value decisions, negotiating favorable terms in strategic locations, among others. For landlords, continuous enhancements in infrastructure, better power redundancy, and flexible commercial terms, if possible, must be revisited to further attract occupiers.

Retail

The Philippine retail sector is showing signs of full recovery to pre-covid performance levels as new foreign retail brands and existing brands continue to expand. Retail vacancy and lease rates, particularly in established business hubs, are seen to improve faster than expected, indicating consumers' rising propensity to shop in physical malls.

From the third quarter of 2024 (3Q2024) to 1Q2025, 250,000 sqm of new retail space was recorded. In 2025, Colliers expect the addition of 270,000 sqm. The annual delivery projection for the coming years is expected to be 158,300 sqm, up from the previous forecast of 132,700 sqm.

Vacancy across Metro Manila malls slightly improved from 15.5% in 1Q2024 to 15.1% in 3Q2024. This was driven by continued space take-up from local and foreign brands and with the Food and Beverage (F&B) retailers dominating mall space. As of 1Q2025, retail vacancy rate improved from 15.1% in 3Q2024 to 13.1%, driven by reasons stated above, as well as the expansion of foreign retailers including those from home furnishing and personal accessory segments. Retail vacancy during this quarter was the lowest recorded since the 13.8% in 1Q2021. By end-2025, vacancy is forecasted to reach 13.0% due to limited upcoming supply for the remainder of the year.

Colliers believes that developers will continue renovation efforts for existing mall spaces to arrest further rise in vacancy and sustain healthy levels of consumer traffic.

Rental rates observed a marginal rise of 0.6%; however, these are expected to stabilize in the coming years as retailers continue to take up physical mall space and developers continue to refresh retail spaces.

Hospitality

The Philippine travel and tourism sector continues to attract major hospitality brands. This is mainly due to the growth potential of this sector, especially with the Marcos administration's plans to rehabilitate and modernize airports across the country.

International arrivals increased by 9.0%, from 5.5 million in 2023 to 6.0 million in 2024, but were lower than the government's target of 7.7 million. The DOTr, however, remains optimistic, as it reported that tourist receipts reached a record-high ₱760 billion, up from the ₱600 billion documented in 2019. This suggests that tourists are spending more and staying longer. The New NAIA Infra Corp. (NNIC) also reported that the Ninoy Aquino International Airport (NAIA) ended 2024 with a record-breaking passenger volume of 50.1 million, up by 10.0% from a year ago, breaching its 35 million capacity. The CRK similarly recorded a 20.0% YoY growth in passenger volume, serving 2.4 million passengers in 2024.

In 2024, occupancy reached 64.0%, up from the 63.0% average in the prior year, partly due to the influx of tourists during the holiday season. In 2025, occupancy is expected to remain stable, as the projected increase in foreign arrivals will likely complement the opening of new hotel rooms in the capital region.

There was delayed completion of new supply in 2024. Colliers recorded 2,700 new hotel rooms, the same level as 2023, but smaller than the forecast of 4,500 hotel rooms. This was due to construction delays. In 2025, projected completions are expected to number 2,680, with the Bay Area and Makati CBD covering nearly half of the new supply. From 2025 to 2027, annual delivery of 1,600 rooms is expected, lower than the 2,200 rooms completed annually pre-Covid or from 2017 to 2019.

Average daily rates (ADR) grew by 2.7% in 2024, slower than 2023's 10.6% and below the forecast of 3% in the first half of 2024. Four-star hotels had the fastest growth of 2.2% following increased in-person events in key business hubs.

In 2025, more Meetings, Incentives, Conferences, and Exhibition (MICE) are anticipated to be held, and with it is the expected addition in foreign arrivals, particularly high-spending tourists. With this, ADR is forecasted to grow by 3.0%.

FINANCIAL REVIEW

Analysts' Note: PhilRatings' calculation of certain financial metrics may differ from that of the Company.

Profitability

2024 vs. 2023

For the year ended 2024, Megawide posted a consolidated net income of ₱538.5 million—resulting from its continuing operations, i.e., construction, landport and real estate operations. This was a 100.1% increase from last year's ₱269.2 million. Bottom line rallied following the improvement in revenues across all segments, primarily from the construction and real estate operations.

Total consolidated revenues rose by 18.5%, from ₱18.6 billion to ₱22.1 billion. The jump was driven by the 15.9% increase in construction revenues to ₱21.0 billion, compared to the previous year's ₱18.1 billion. The segment benefitted from robust construction activities and steady progress accomplishment of the existing order book. The fourfold increase in revenues from real estate operations (chipped in by ongoing projects) to ₱711.1 million also supported top line expansion. Landport operations had a more muted revenue growth of 2.2% to ₱355.3 million, which were from the office towers and commercial spaces.

In line with revenue growth, direct costs grew by 15.0%, from ₱16.5 billion to ₱18.9 billion. Construction costs comprised bulk of the increase. Gross profit therefore jumped by 44.8%, from ₱2.2 billion in 2023 to ₱3.2 billion in 2024. With this, gross profit margin for the year was 14.3%, up from 11.7% in 2023.

Pre-tax profit was up by 72.0% to ₱562.1 million, given controlled increases in finance costs (+23.8%) and other operating expenses (+15.4%). Other income (net) also jumped by 42.0% to ₱708.7 million, as Megawide booked ₱4.9 billion in gain from the sale of Megawide's remaining interests in GMCAC. The latter was substantially offset, however, by the ₱4.5 billion write-offs of contract assets and of other assets. The Company wrote-off certain contract assets representing receivables related to projects that were already completed in prior years and were undergoing the close-out process. Megawide pursued the collectability of such accounts and engaged in several discussions with these counterparties for the past 18-24 months.

Income tax expense additionally dipped by 59.0% to ₱23.6 million due to a ₱24 million tax benefit.³¹ As a result of the foregoing, earnings doubled to ₱538.5 million. Net profit margin for 2024 was 2.4%, while ROAA and ROAE were 0.8% and 3.2%, respectively. These posted improvements from its counterparts in the previous year of 1.4%, 0.4%, and 1.5%, respectively.

1Q2025 vs. 1Q2024

For 1Q2025, the Company posted a consolidated net income of ₱209.2 million, higher by 14.1% from ₱183.4 million in 1Q2024. This was largely driven by construction operations, complemented by income contribution from real estate operations.

Total consolidated revenues decreased by 19.2% YoY, from ₱5.2 billion to ₱4.2 billion. According to the Company, such performance was traced to the winding down phase for a number of existing projects, resulting in revenues from construction operations declining by 25.9% YoY to ₱3.7 billion. Landport

³¹ The tax benefit was mainly related to temporary difference between the tax reporting and financial reporting bases used in revenue recognition.

operations, on the other hand, delivered a higher revenue of ₱136.2 million, up by 27.1% YoY due to the steady influx of passengers in PITx. Revenue from real estate operations also jumped from ₱146.9 million in 1Q2024 to ₱396.5 million, attributed to PH1's ongoing projects.

As stated earlier, construction operations continued to dominate in terms of revenue contribution with 87.3% (down from 95.1% in 1Q2024). The growing real estate segment came in second, accounting for 9.4% (from 2.8% in 1Q2024). Lastly, landport operations made up 3.2% of total revenues (from 2.1% a year ago).

Consistent with lower revenues, direct costs amounted to ₱3.3 million, 23.1% lower than ₱4.3 million last year. Cost of construction operations, in particular, decreased by 27.3% YoY or by ₱1.1 billion. Gross profit declined by 2.0%, from ₱939 million in 1Q2024 to ₱921 million in 1Q2025. Gross margin nevertheless climbed from 18.1% to 21.9%, given the faster decline in costs as compared to revenues.

Pre-tax profit managed to inch up by 1.0% YoY, on account of a 10.3% YoY drop in other operating expenses and a 32.2% YoY increase in other income (net). Tax expense also fell by 23.3% YoY, due to a temporary difference between the tax reporting and financial reporting bases used in revenue recognition.

Net profit for 1Q2025 consequently amounted to ₱209.2 million, up by 14.1% YoY. Net profit margin for 1Q2025 was 5.0%, higher than 1Q2024's 3.5%. ROAA and ROAE were also modest yet higher at 1.3% and 4.8%, respectively.

Projected Period (2025-2026)

Megawide anticipates headwinds to its revenues in 2025 as key construction projects are in the early stages of construction, limiting revenue recognition. Top line, however, is seen to recover in the following year, supported by the progression of construction projects and completion of certain PH1 projects. Costs are seen to be well-managed throughout the period.

Cash Flow and Liquidity

2024 vs. 2023

Megawide posted net cash flow from operating activities of ₱554.1 million, a reversal from the negative operating cash in the past two years. The reversal was supported by decreases in contract assets as well as construction materials. Net cash flow used in investing activities amounted to ₱1.1 billion, lower than ₱6.3 billion in the previous year (when ₱5.2 billion was used for the acquisition of PH1). The main source of cash for the year was the Company's financing activities, which had a net cash inflow of ₱1.5 billion, as opposed to the outflow of ₱3.3 billion in 2023. This was attributed to the increase in proceeds from loans and borrowings and the decrease in dividends paid.

Cash and cash equivalents therefore increased by 18.5%, from ₱4.9 billion as of end-2023 to ₱5.8 billion as of end-2024. Liquidity ratios similarly improved. Current ratio increased from 1.3x as of end-2023 to 1.7x as of end-2024. Acid test ratio also went up from 0.6x to 1.0x. In addition, EBITDA interest coverage ratio inched up from 1.3x to 1.5x.

1Q2025 vs. 1Q2024

Net cash flow used in operating activities in 1Q2025 amounted to ₱681.2 million, slightly higher than the ₱664.1 million net outflow in 1Q2024. Net cash used in investing activities rose by 75.8% YoY to ₱302.6

million, driven by the hike in financing granted to related parties. Net cash used in financing activities amounted to ₱528.3 million, as opposed to the ₱1.2 billion net inflow in 1Q2024, given lower proceeds from loans and borrowings.

Megawide ended 1Q2025 with a cash balance of ₱4.3 billion. This was a 26.0% drop from the balance as of end-2024. The Company's current ratio and acid test ratio were unchanged at 1.7x and 1.0x, respectively. EBITDA interest coverage ratio was a bit higher at 1.6x.

Projected Period (2025-2026)

Megawide expects to post higher operating cash flows going forward, supporting healthy liquidity levels. The Company plans to settle the Series A bonds maturing in 2026 using a combination of refinancing and internally generated funds.

Capital Structure

2024 vs. 2023

The Company's total assets contracted by 4.5%, from ₱66.3 billion as of end-2023 to ₱63.3 billion as of end-2024, mainly due to the drop in contract assets. The major contributors to total assets were trade and other receivables, other current assets, and property, plant and equipment, with a cumulative share of 60.5%.

Interest-bearing loans and borrowings increased by 14.4%, from ₱30.6 billion as of end-2023 to ₱35.0 billion as of end-2024. This was largely due to Megawide's issuance of ₱5.0 billion fixed-rate bonds in July 2024. Total liabilities still dipped by 6.2%, however, following the maturity of the exchangeable notes related to the airport transaction. In contrast, equity was relatively flat at ₱17.0 billion. Debt to equity ratio consequently increased, from 1.8x as of end-2023 to 2.1x as of end-2024.

1Q2025

Debt to equity ratio remained at 2.1x as of end-March 2025, driven by minimal movements of 0.6% increase in interest-bearing debt and 0.1% decline in equity. Similarly, total assets registered a minimal decrease of 0.3% to ₱63.1 billion.

Projected Period (2025-2026)

Megawide's debt to equity ratio is seen to remain within historical levels. This will be supported by continued plowback of earnings into operations.

Financial Flexibility

As of March 31, 2025, Megawide had available credit facilities from various local banks, which the Company could tap should the need arise. Megawide is also publicly listed in the Philippine Stock Exchange (PSE). Its market capitalization stood at ₱4.1 billion as of August 1, 2025.