

Asiatel Outsourcing Ltd.

Consolidated Financial Statements
December 31, 2025

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Asiatel Outsourcing Ltd.

Opinion

We have audited the consolidated financial statements of Asiatel Outsourcing Ltd. and its subsidiary (collectively referred to as the Group), which comprise the consolidated financial statement of financial position as at December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period February 6, 2025 to December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the period February 6, 2025 to December 31, 2025 in accordance with International Financial Reporting Standards (IFRS) Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SYCIP GORRES VELAYO & CO.

Raphael Erickson M. de Leon

Raphael Erickson M. de Leon

Partner

CPA Certificate No. 121325

Tax Identification No. 255-493-996

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 121325-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-162-2025, December 18, 2024, valid until December 17, 2027

PTR No. 10765158, January 2, 2026, Makati City

March 23, 2026



ASIATEL OUTSOURCING LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

ASSETS

Current Assets

Cash (Note 5)	₱17,839,205
Trade and other receivables (Notes 6 and 9)	9,024,868
Other current assets	400,845
Total Current Assets	27,264,918

Noncurrent Assets

Property and equipment (Note 7)	17,251,058
Refundable deposits (Notes 10 and 15)	2,425,944
Deferred income tax asset (Note 16)	1,553,940
Total Noncurrent Assets	21,230,942

TOTAL ASSETS	₱48,495,860
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LIABILITIES AND EQUITY

Current Liabilities

Trade and other payables (Note 8)	₱8,230,797
Due to a related party (Note 9)	11,441,786
Lease liability - current portion (Note 15)	5,449,082
Income tax payable	366,534
Total Current Liabilities	25,488,199

Noncurrent Liabilities

Lease liability - noncurrent portion (Note 15)	4,802,720
Net retirement liability (Note 14)	6,304,772
Total Current Liabilities	11,107,492
Total Liabilities	36,595,691

Equity

Capital stock (Note 10)	5,805
Share premium (Note 10)	11,459,400
Other comprehensive loss (Note 14)	(941,679)
Other equity reserve (Note 10)	(2,599,084)
Retained earnings	3,975,727
Total Equity	11,900,169

TOTAL LIABILITIES AND EQUITY	₱48,495,860
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See accompanying Notes to Consolidated Financial Statements.



ASIATEL OUTSOURCING LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FEBRUARY 6, 2025 TO DECEMBER 31, 2025

SERVICE REVENUES (Note 11)	₱343,764,166
COST OF SERVICES (Note 12)	(307,707,860)
GROSS INCOME	36,056,306
GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	(28,791,482)
	7,264,824
OTHER INCOME (CHARGES) - Net	
Interest income (Note 5)	26,881
Interest expense (Note 15)	(111,570)
Foreign exchange loss	(550,420)
Other income	2,900
	(632,209)
INCOME BEFORE INCOME TAX	6,632,615
PROVISION FOR INCOME TAX (Note 16)	
Current	2,819,331
Deferred	(162,443)
	2,656,888
NET INCOME	3,975,727
OTHER COMPREHENSIVE LOSS	
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>	
Remeasurement loss on net retirement liabilities (Note 14)	(1,255,572)
Income tax effect (Note 16)	313,893
	(941,679)
TOTAL COMPREHENSIVE INCOME	₱3,034,048

See accompanying Notes to Consolidated Financial Statements.



ASIATEL OUTSOURCING LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FEBRUARY 6, 2025 TO DECEMBER 31, 2025

	Capital Stock (Note 10)	Share Premium (Note 10)	Other comprehensive loss (Note 14)	Other Equity Reserve (Note 10)	Retained Earnings	Total
Issuance of capital stock	₱5,805	₱11,459,400	₱–	₱–	₱–	₱11,465,205
Net income	–	–	–	–	3,975,727	3,975,727
Other comprehensive loss	–	–	(941,679)	–	–	(941,679)
Total comprehensive income	–	–	(941,679)	–	3,975,727	3,034,048
Effect of acquisition under common control (Note 10)	–	–	–	(2,599,084)	–	(2,599,084)
BALANCES AT DECEMBER 31, 2025	₱5,805	₱11,459,400	(₱941,679)	(₱2,599,084)	₱3,975,727	₱11,900,169

See accompanying Notes to Consolidated Financial Statements.



ASIATEL OUTSOURCING LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FEBRUARY 6, 2025 TO DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Income before income tax	₱6,632,615
Adjustments for:	
Depreciation (Note 7)	2,261,188
Unrealized foreign exchange gain	(113,556)
Interest income (Note 5)	(26,881)
Retirement expense (Note 14)	817,983
Interest expense (Note 15)	111,570
Operating income before working capital changes	9,682,919
Increase in:	
Trade and other receivables	(6,091,748)
Other current assets	(287,409)
Trade and other payables	2,550,791
Cash generated from operations	5,854,553
Interest received	26,881
Contributions to plan assets (Note 14)	(1,103,335)
Income taxes paid, including final and creditable withholding taxes	(2,452,797)
Net cash flows from operating activities	2,325,302

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisitions of property and equipment (Note 7)	(3,145,209)
Cash acquired from the acquisition of an entity (Notes 1 and 10)	7,618,500
Net cash flows from investing activities	4,473,291

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from:	
Due to a related party (Note 9)	9,717,565
Subscription (Note 8)	1,891,937
Advances from shareholders (Note 10)	11,459,400
Capital contribution (Note 10)	5,805
Payments of:	
Due to a related party (Note 9)	(10,666,005)
Interest (Note 15)	(111,570)
Principal portion of lease liabilities (Note 15)	(1,370,076)
Net cash flows from financing activities	10,927,056

EFFECT OF EXCHANGE RATE CHANGES ON CASH	113,556
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CASH AT END OF PERIOD (Note 5)	₱17,839,205
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See accompanying Notes to Consolidated Financial Statements.



ASIATEL OUTSOURCING LTD. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for the Issuance of the Consolidated Financial Statements

Corporate Information

Asiatel Outsourcing Ltd. (AOL or the Parent Company) was incorporated and registered with the Registrar of Companies in Cayman Islands on February 6, 2025. The Parent Company's registered office address is Collas Crill Corporate Services Limited of Floor 2, Willow House, Cricket Square, P.O Box 709, Grand Cayman KY1-1107, Cayman Islands.

On February 17, 2025, AOL entered into a sale agreement with Asia Telecom Holdings Limited (ATHL), an entity incorporated in Seychelles, to acquire ATHL's 99.99% shares in Asia Teleservices Inc. (ATI), thereby making ATI a subsidiary of AOL. ATI's registered office address is Units 1703, 1907-1910, Hanston Square, San Miguel Avenue, Ortigas Center, San Antonio, Pasig City, Philippines.

AOL and ATHL share the same individual shareholders who collectively exercise control over both entities, resulting in their classification as entities under common control.

The Parent Company and its subsidiary (collectively referred to as the Group) primarily provide services to the enterprise market, including contact center operations, business process outsourcing (BPO), managed services, and employer-of-record shared services. These offerings cater to both international and local customers across various industries, utilizing facilities based in the Philippines.

Authorization for the Issuance of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2025 and for the period February 6, 2025 to December 31, 2025, were approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on March 23, 2026.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Philippine peso which is the Group's functional and presentation currency. Amounts are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards.

Changes in Accounting Policies

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Group adopted the following amendments to standards starting January 1, 2025. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2025

- Amendments to International Accounting Standards (IAS) 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.



The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on IFRS 7, *Financial Instruments: Disclosures*, IFRS 18, *Presentation and Disclosure in Financial Statements*, IAS 1, *Presentation of Financial Statements*, IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, IAS 26 *Accounting and Reporting by Retirement Benefit Plans* and IAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Disclosures about Uncertainties in the Financial Statements*
- Amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to IFRS Accounting Standards–Volume 11
 - Amendments to IFRS 1, *First-time Adoption of International Financial Reporting Standards, Hedge Accounting by a First-time Adopter*
 - Amendments to IFRS 7, *Gain or Loss on Derecognition*
 - Amendments to IFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to IFRS 10, *Consolidated Financial Statements, Determination of a 'De Facto Agent'*
 - Amendments to IAS 7, *Statement of Cash Flows, Cost Method*

Effective beginning on or after January 1, 2027

- IFRS 18, *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, which replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7, *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.



- IFRS 19, *Subsidiaries without Public Accountability*

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are not publicly traded, it is eligible to elect to apply IFRS 19.

- IFRS 17, *Insurance Contracts*
- Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates, Translation to a Hyperinflationary Presentation Currency*

The Group continues to assess the impact of the above amended accounting standards effective subsequent to December 31, 2025 on the consolidated financial statements in the period of initial application. Additional disclosures required by these amended accounting standards will be included in the financial statements when these amendments are adopted.

3. Material Accounting Policy Information

The material accounting policy information that have been used in the preparation of these consolidated financial statements are summarized below.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at December 31.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases.

Business Combinations - Common Control

Where there are business combinations involving entities that are ultimately controlled by the same ultimate parent (i.e., controlling shareholders) before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts for such business combinations in accordance with the guidance provided by the Q&A IFRS 3.2-2 *Accounting for Common Control Business Combinations*. The purchase method of accounting is used, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business



combination and the involvement of parties other than the combining entities such as the non-controlling interest, shall be considered. In cases where the transaction has no commercial substance, the business combination is accounted for using the pooling of interest method.

In applying the pooling of interest method, the Group applies the following guidance:

- the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies;
- no new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity as other equity reserve, i.e., either contribution or distribution of equity;
- the consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place; and
- as a policy, comparatives are presented as if the entities had always been combined.

Fair Value Measurement

The Group measures financial instruments and non-financial assets at fair value at each balance sheet date.

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

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

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

Financial Instruments

Initial recognition of financial instruments

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). Trade receivables are measured at the transaction price determined under IFRS 15, *Revenue from Contracts with Customers*.

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 SPPI on the principal amount outstanding.

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



The Group's financial assets at amortized cost include cash, trade and other receivables and refundable deposits as of December 31, 2025.

Impairment of financial assets

For receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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.

After initial recognition, these financial liabilities are carried at amortized cost taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

The Group's financial liabilities include trade and other payables and due to a related party.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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 assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of its counterparties.

Property, and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value.



Depreciation which commences when the asset is available for use, is computed on the straight-line basis over the estimated useful lives of the assets:

	<u>Number of Years</u>
Furniture and fixtures	5
Computer equipment	5
Leasehold improvements	5 or the term of lease, whichever is shorter

Impairment of property and equipment

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the assets is the higher of net selling price and value in use.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment losses are recognized in profit or loss.

Equity

Capital stock is measured at par value for all shares issued. Any amount received by the Group in excess of par value of its shares is credited to additional paid-in capital. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings (deficit) represent the cumulative balance of net income or loss, net of any dividend declaration, and effect of any changes in accounting policies. When the retained earnings account has a debit balance, it is called “deficit”. A deficit is not an asset but a deduction from equity.

Dividend distributions. Dividends are recognized as a liability and deducted from retained earnings when approved by the BOD of the Group.

Revenues from Contracts with Customers

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.

Service revenue. Service revenue is recognized over time because customers simultaneously receive and consume the benefits provided by the Group. The Group elects the practical expedient to recognize revenue based on amounts invoiced to the customers since this method of measuring progress best depicts the performance provided.

Costs and Expenses

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability, other than distributions to equity participants, has arisen that can be measured reliably. These constitute expenses incurred in rendering the services and administering the business, and are expensed as incurred.



Retirement Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The obligation and cost of providing benefits under the defined benefit plans is actuarially determined by professionally qualified independent actuary using the projected unit credit method. Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated annually by an independent qualified actuary.

Net interest on the net defined benefit liability or asset 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 expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Right-of-use assets, presented under property and equipment in the consolidated statements of financial position, are recognized at the commencement date of the lease. These assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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



Lease liabilities are recognized at the commencement date of the lease and is measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liability is carried at amortized cost. Lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

Taxes

Income taxes

The Group uses the taxes payable method for accounting its income taxes. Under the taxes payable method, the Group shall recognize a current tax liability for tax payable on taxable profit for the current and past periods. If the amount paid for the current and past periods exceeds the amount payable for those periods, the Group shall recognize the excess as “Prepaid income tax”.

The Group shall measure its current tax liabilities (assets) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. The Group shall regard tax rates as substantively enacted when future events required by the enactment process historically have not affected the outcome and are unlikely to do so.

Deferred income tax

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

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

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

Value-added tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from or payable to, the taxation authority is included as part of “Other current assets” or “Trade and other payables” in the consolidated statement of financial position.



Provisions

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. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in profit or loss.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an outflow of economic benefits is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in profit or loss.

Events after the Reporting Date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Accounting judgments, estimates and assumptions 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.

Judgments

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

Determination of the Group's functional currency

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

The Group, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be Philippine Peso. It is the currency of the primary economic environment in which the Group operates.

Impairment of property and equipment

The Group assesses impairment on its nonfinancial assets, such as property and equipment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which may trigger an impairment review include significant underperformance relative to expected historical or projected future operating results and significant changes in the manner of use of the acquired assets or the strategy of the overall business.



The Group assessed that there are no impairment indicators for property and equipment as of December 31, 2025 that would trigger an impairment review (see Note 7).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at 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 described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Leases - Estimation of incremental borrowing rate (IBR)

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

Estimation of allowance for expected credit loss (ECL)

The Group uses the ECL model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is measured as the present value of all cash shortfalls (the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. The maturity of the Group's receivables is less than one year so the lifetime ECL and the 12-month expected credit losses are similar.

Trade and other receivables amounted to ₱9.0 million as at December 31, 2025. No provision for ECL was recognized in 2025 (see Note 6).

Estimation of useful lives of property and equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of assets.

Based on management's assessment as at December 31, 2025, there is no change in the estimated useful lives of property and equipment. Actual result, however, may vary due to changes in estimates brought about by changes in factors mentioned above. The carrying values of property and equipment amounted to ₱17.3 million as at December 31, 2025 (see Note 7).

Estimation of retirement benefits

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, among others. Due to the complexities involved in the valuation and its long-



term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Net retirement liability amounted to ₱6.3 million as of December 31, 2025 (see Note 14).

Recognition of deferred income tax assets

The Group reviews the carrying amounts of deferred income tax assets at the end of each reporting period and adjusts the balance of deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable profits of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable profits to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets recognized by the Group amounted to ₱1.6 million (see Note 16).

5. Cash

As of December 31, 2025, this account consists of the following:

Cash in banks	₱17,829,205
Cash on hand	10,000
	<u>₱17,839,205</u>

Cash in banks earn interest at their respective bank deposit rates. Interest income earned from cash in banks amounted ₱26,881.

6. Trade and Other Receivables

As of December 31, 2025, this account consists of the following:

Trade receivables:	
Related parties (Note 9)	₱8,610,710
Third parties	114,545
Others	299,613
	<u>₱9,024,868</u>

Trade receivables are collectible in cash, unsecured and non-interest bearing.

Others mainly comprise of advances to officers and employees. These are non-interest bearing and are collected through salary deduction within 12 months from the grant date.

No provision for ECLs on receivables was recognized in 2025 as the management assessed that the credit exposure on trade receivables is minimal, with collection expected to occur the month following the transaction date.



7. Property and Equipment

The movement and balances of this account are as follows:

	December 31, 2025				Total
	Furniture and fixtures	Computer equipment	Leasehold improvements	Right-of-Use Asset (Note 15)	
Cost					
Addition through acquisition of ATI (Note 10)	₱4,453,680	₱10,300,166	₱4,163,820	₱-	₱18,917,666
Additions during the year	253,800	796,259	2,095,150	11,621,878	14,767,087
Ending balance	4,707,480	11,096,425	6,258,970	11,621,878	33,684,753
Accumulated Depreciation					
Addition through acquisition of ATI (Note 10)	4,064,563	7,408,306	2,699,638	-	14,172,507
Depreciation	103,242	585,408	177,913	1,394,625	2,261,188
Ending balance	4,167,805	7,993,714	2,877,551	1,394,625	16,433,695
Net Book Values	₱539,675	₱3,102,711	₱3,381,419	10,227,253	₱17,251,058

The distribution of depreciation follows:

Cost of services (Note 12)	₱1,590,625
General and administrative (Note 13)	670,563
	₱2,261,188

**Depreciation expense from date of business combination, February 17, 2025 to December 31, 2025*

8. Trade and Other Payables

As of December 31, 2025, this account consists of the following:

Trade payables	₱515,321
Refundable deposits	2,377,234
Statutory payables	3,446,305
Subscription payables	1,891,937
	₱8,230,797

The nature of these current liabilities are as follows:

- Trade payables represent accounts due to suppliers and are stated at invoice value.
- Refundable deposits pertain to the customer's deposit which are refundable upon expiration or termination of the contract.
- Statutory payables include withholding taxes payable and employer's share in government-mandated contributions, which are normally settled within the first quarter of the next financial year.
- Subscription payable pertains to amounts received in advance from investors which the Parent Company holds temporarily and is obliged to remit or apply in accordance with the terms of the underlying arrangements.



9. Related Party Transactions

The table below shows the Group’s related party transactions and balances as of and for the period ended December 31:

	Year	Volume of Transaction	Trade Receivables (Note 6)	Due to a Related Party	Terms and Conditions
Under Common Control*					
• Revenues	2025	₱325,790,586	₱8,610,710	₱–	Unsecured; noninterest bearing; 30-day credit term; to be settled in cash; not impaired
• Due to a related party	2025	9,717,565	–	(11,441,786)	Unsecured, noninterest bearing; with no fixed repayment date
Stockholders					
• Advances (Note 10)	2025	11,459,400	–	–	Unsecured, noninterest bearing; with no fixed repayment date
Key Management Personnel					
• Short-term benefits	2025	5,440,053	–	–	Compensation is settled monthly in the period incurred

* Pertains to balances and transactions to ATHL

Change in liabilities arising from financing activities

Shown below is the rollforward of “Due to a related party” account for the year ended December 31, 2025.

Addition through acquisition of ATI (Note 10)	₱1,724,221
Availment	9,717,565
Noncash	10,666,005
Payment	(10,666,005)
Ending	₱11,441,786

Noncash additions to “Due to related party” account

The consideration related to the acquisition of ATI amounting to ₱10.7 million remained unpaid to ATHL at the acquisition date. On September 3, 2025, AOL paid the consideration for the acquisition amounting to ₱10.7 million.

10. Equity

Capital Stock

Details of the Parent Company’s capital stock as at December 31, 2025 are as follows:

	Number of shares	Amount
Authorized shares at \$1 par value*	50,000	₱2,902,600
Issued and outstanding	100	₱5,805

*Equivalent to ₱58.05 on the date of incorporation

On September 1, 2025, the stockholders remitted \$200,000 (₱11.5 million) to AOL as advances, coursed through ATHL for administrative convenience. On September 3, 2025, the Board of Directors approved the conversion of these advances into share premium, thereby increasing the Parent Company’s equity.



Other Equity Reserves

Other equity reserves pertain to the AOL's excess investment cost amounting to ₱10.7 million over the net assets of ATI at the date of acquisition (see Note 1). ATI is an entity under common control. The acquisition resulted to other equity reserve amounting to ₱2.6 million.

On February 17, 2025, AOL recognized the following assets and liabilities of ATI as of the date of purchase:

Assets	
Cash	₱7,618,500
Trade and other receivables	2,933,120
Other current assets	113,436
Property and equipment	4,745,159
Refundable deposits	2,425,944
Deferred income tax asset	1,077,604
	<hr/>
	18,913,763
Liabilities	
Trade and other payables	3,788,069
Due to a related party	1,724,221
Net retirement liability	5,334,552
	<hr/>
	10,846,842
Total identifiable net assets	8,066,921
Less purchase consideration (Note 9)	10,666,005
Other equity reserve	<hr/>
	(₱2,599,084)

11. Service Revenues

Disaggregated Revenue Information

Set out below are the disaggregation of the Group's revenue from contracts with customers for the period February 6, 2025 to December 31, 2025, based on geographical market.

Export sales (Note 9)	₱325,790,586
Local sales	17,973,580
	<hr/>
	₱343,764,166

12. Cost of Services

Personnel cost (Note 14)	₱296,527,523
Depreciation (Note 7)	1,590,625
Communication, light and water	1,315,533
Rent (Note 15)	1,286,802
Association dues	1,044,405
Others	5,942,972
	<hr/>
	₱307,707,860



13. General and Administrative Expenses

Professional fees	₱13,708,633
Personnel cost (Note 14)	6,260,418
Communication, light and water	1,651,417
Rent (Note 15)	1,356,673
Association dues	826,106
Taxes and licenses	723,079
Depreciation (Note 7)	670,563
Medical insurance	556,232
Business process recovery server expense	228,716
Others	2,809,645
	<hr/>
	₱28,791,482
	<hr/>

14. Salaries and Retirement Benefits

Salaries

This account consists of the following:

Salaries, bonuses and allowances	₱277,052,165
Statutory contributions	18,091,213
Retirement benefits	817,983
Others	6,826,580
	<hr/>
	₱302,787,941
	<hr/>

Personnel cost as a function of expense follows:

Cost of services (Note 12)	₱296,527,523
General and administrative (Note 13)	6,260,418
	<hr/>
	₱302,787,941
	<hr/>

Retirement benefits

Under the existing regulatory framework, Republic Act No. 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The tables below summarize the components of the net retirement benefits cost recognized in the consolidated statement of comprehensive income and the funded status and amounts recognized in the statement of financial position.

Retirement benefits cost consists of the following:

Current service cost	₱491,508
Net interest cost	326,475
	<hr/>
Retirement benefits cost	₱817,983
	<hr/>



The net retirement liability were derived as follows:

Present value of defined benefit obligation	₱8,102,706
Fair value of plan assets	(1,797,934)
<u>Net retirement liability</u>	<u>₱6,304,772</u>

The movements in the net retirement liability are as follows:

Addition through acquisition of ATI (Note 10)	₱5,334,552
Retirement benefits cost	817,983
Contribution	(1,103,335)
Remeasurement loss	1,255,572
<u>At December 31</u>	<u>₱6,304,772</u>

Changes in the present value of defined benefits obligation are as follows:

Addition through acquisition of ATI	₱5,967,868
Current service cost	491,508
Interest cost	365,234
Remeasurement loss	1,278,096
<u>At December 31</u>	<u>₱8,102,706</u>

Changes in the fair value of plan assets are as follows:

Addition through acquisition of ATI	₱633,316
Interest income	38,759
Contributions	1,103,335
Remeasurement gain	22,524
<u>At December 31</u>	<u>₱1,797,934</u>

The actual return on plan assets amounted to ₱61,283 in 2025.

The major categories of the plan assets as of December 31, 2025 are the following:

Cash and cash equivalents	0.6%
Investments in government securities	97.0%
Others	2.4%
<u></u>	<u>100.0%</u>

The retirement benefits cost and the present value of defined benefit obligation are determined using actuarial valuations. The latest actuarial valuation report of ATI is as of December 31, 2025.

The actuarial valuation involves making various assumptions. The principal actuarial assumptions as of incorporation date used to determine pension benefits follow:

Discount rate	6.12%
Salary increase rate	3.00%

The principal assumptions as of December 31, 2025 are 6.24% and 3.00% for discount rate and salary increase rate, respectively.



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2025, assuming all other assumptions were held constant:

	Increase (decrease)	Increase (decrease) in defined benefit obligation
Discount rate	+50	(₱400,021)
	-50	372,936
Future salary increases	+100	398,998
	-100	(444,668)

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis. Shown below is the maturity analysis of the undiscounted benefit payments:

One year and less	₱-
More than 1 to 5 years	351,157
More than 5 to 10 years	11,361,939
More than 10 to 15 years	4,633,320
More than 15 years	15,653,261

The average duration of the defined benefit obligation is 15 years.

15. Lease Commitments

ATI leases its office space from a third party. The lease is renewable on an annual basis upon mutual agreement of both parties. In October 2025, ATI renewed the lease contract for its office space for two years. As a result, the Group recognized right-of-use asset and lease liability for the lease agreement on office space. Refundable deposit relating to the lease agreement amounted to ₱2.4 million as of December 31, 2025.

The following are the amounts recognized in the consolidated statements of comprehensive income:

Depreciation expense of right-of-use assets included in property, plant and equipment (Note 7)	₱1,394,625
Interest expense on lease liabilities	111,570
Rent expense relating to short-term lease (Notes 12 and 13)	2,643,475
	<u>₱4,149,670</u>

The carrying amount of lease liabilities as at December 31 follows:

As at January 1	₱-
Additions (Note 7)	11,621,878
Interest expense on lease liabilities	111,570
Lease payments	(1,481,646)
Balance at December 31	10,251,802
Less current portion of lease liabilities	5,449,082
Noncurrent portion of lease liabilities	<u>4,802,720</u>

Shown below is the maturity analysis of lease liabilities pertaining to contractual undiscounted cash flows as at December 31:

Within one year	₱5,926,587
After one year but not more than five years	4,938,823



16. Income Taxes

- a. Provision for income tax consists of the following:

Current	₱2,819,331
Deferred	(162,443)
	₱2,656,888

The current income tax represents regular corporate income tax (RCIT) of 25% in the Philippines.

- b. The component of the Group's recognized net deferred income tax assets is as follows:

Deferred income tax assets on:	
Lease liability	₱2,562,950
Net retirement liability, including rereasurement losses	1,576,193
	4,139,143
Deferred income tax liabilities on:	
Unrealized foreign exchange gain	(28,390)
Right-of-use assets	(2,556,813)
	(2,585,203)
	₱1,553,940

Reconciliation of net deferred income tax assets is as follows:

Addition through acquisition of ATI (Note 10)	₱1,077,604
Deferred tax income during the period recognized in profit or loss	162,443
Deferred tax income during the period recognized in OCI	313,893
	₱1,553,940

- c. Reconciliation of the Group's provision for income tax computed at the statutory income tax rate of 0% to the provision for income tax shown in profit or loss is as follows:

Provision for income tax at statutory income tax rate	₱-
Effect of higher tax rate in the Philippines	2,656,888
	₱2,656,888

17. Financial Risk Management Objectives and Policies and Fair Values

The Company's principal financial instruments comprise cash, trade receivables and refundable deposits. The Company has various other financial assets and financial liabilities such as trade and other payables and due to a related party which arise directly from operations.

Financial Risk Management Policy

The main risks arising from the Company's financial instruments are credit risk, and liquidity risk. The policies are summarized as follows:

Credit risk

Credit risk arises because the counterparty may fail to discharge its contractual obligations. As a matter of policy, the Company limits its maximum exposure to credit risk to the amount of carrying value of the instruments. The Company transacts only with related parties and with recognized and creditworthy third parties.



About 95% of the outstanding receivables as of December 31, 2025, respectively, arise from transactions with ATHL. Such receivables are monitored on continuous basis with the result that the Company's exposure to bad debts is not significant.

For cash in banks, impairment is measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash in banks have low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

The maximum exposure to credit risk of the Company as at December 31, 2025 is equal to the carrying amounts of its financial assets, as follows:

Cash	₱17,839,205
Receivables	9,024,868
Refundable deposits	2,425,944
	₱29,290,017

Credit quality per class of financial assets

Set out below is the information about the credit risk exposure on the Company's trade receivables as of December 31, 2025 using a provision matrix.

	0 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0%	0%	0%	0%	
Estimated total gross carrying amount at default	₱8,725,255	₱-	₱-	₱-	₱8,725,255
Expected credit loss	₱8,725,255	₱-	₱-	₱-	₱8,725,255

Other financial assets at amortized cost

The Company's other financial assets at amortized cost are mostly composed of cash, nontrade receivables and refundable deposits. The Company limits its exposure to credit risk by investing its cash with local financial institutions. Other financial assets at amortized cost are subjected to 12 - month ECL. There are no financial assets that are subjected to lifetime ECL as there has been no significant increase in credit risk since initial recognition.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to settle its obligations when they fall due. The Company manages its liquidity profile to be able to finance its working capital requirements and capital expenditures. Covering its financing requirements, the Company uses internally generated funds.

The following tables show the maturity profile of the Company's financial liabilities and the undiscounted cash flows from financial assets used for liquidity purposes.

As at December 31, 2025:

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 to 5 Years	Total
Trade payables	₱-	₱515,322	₱-	₱-	₱515,322
Refundable deposits	2,377,234	-	-	-	2,377,234
Subscription payables	-	1,891,937	-	-	1,891,937
Due to a related party	11,441,786	-	-	-	11,441,786
Lease liability*	-	1,481,647	4,444,940	4,938,823	10,865,410
	₱13,819,020	₱3,888,906	₱4,444,940	₱4,938,823	₱27,091,689

*Gross of interest component amounting to ₱613,608.



	On Demand	Less than 3 Months	3 to 12 Months	More than 1 to 5 Years	Total
Cash	₱17,839,205	₱-	₱-	₱-	₱17,839,205
Trade receivables	-	8,725,255	-	-	8,725,255
Nontrade receivables	-	299,613	-	-	299,613
Refundable deposit	-	-	-	2,425,944	2,425,944
	₱17,839,205	₱9,024,868	₱-	₱2,425,944	₱29,290,017

Foreign currency risk

The Group's foreign currency risk relates to its US\$-denominated cash in bank. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments.

As of December 31, 2025, the Group's US\$-denominated cash in bank amounted to \$230,052 (₱13,524,774). The foregoing US Dollar amounts have been restated to their Peso equivalents using the exchange rates of ₱58.79 US\$1 as of December 31, 2025.

The table summarizes the impact on income before income tax of reasonably possible changes in exchange rates of foreign currencies against the peso, with all other variables held constant:

	Change in Peso Foreign Exchange Rate	Effect on income before income tax
2025	+5%	₱676,239
	-5%	(676,239)

There is no other impact on the Group's equity other than those already affecting profit or loss.

Carrying Values and Fair Values of Financial Instruments

The methods and assumptions below have been used to estimate the fair value of each class of financial instrument.

Cash, trade and other receivables, refundable deposits and trade and other current payables and due to a related party

Due to the short-term nature of these financial instruments, their fair values approximate the carrying value.

