

The Philippine Stock Exchange, Inc.

PSE Tower, 5th Avenue cor. 28th Street,
Bonifacio Global City, Taguig City 1634,
Metro Manila, Philippines

Attention : **Atty. Johanne Daniel B. Negre**
Officer-in-Charge, Disclosure Department


Subject : **Quarterly Report (SEC Form 17-Q) for the period ended June 30, 2025**

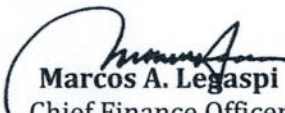
Gentlemen :

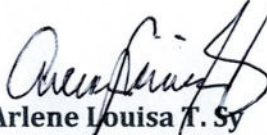
We write to you with regard to the submission of Upson International Corp.'s Quarterly Report (SEC Form 17-Q) for the period ended June 30, 2025. Due to technical difficulties, we are respectfully requesting for an emergency disclosure of the said report.

Enclosed herewith is a copy of the aforementioned report.

Thank you.


Dennis P. Uy
Corporate Secretary


Marcos A. Legaspi
Chief Finance Officer


Arlene Louisa T. Sy
Chief Executive Officer, President,
and PSE EDGE System Administrator

Upson International Corp.

(Doing Business Under the Name and Style of Octagon Computer Superstore; Microvalley Computer Superstore; Gadget World; Octagon Mobile; Uniso; Gadget King and Lamp Light)

Interim Consolidated Financial Statements

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

and for the Six Months Ended June 30, 2025 and 2024 (Unaudited) and for the Year Ended December 31, 2024 (Audited)

COVER SHEET

SEC Registration Number

A S 9 5 0 0 3 8 3 6

COMPANY NAME

U p s o n I n t e r n a t i o n a l C o r p . (D o i n g B u s i n e s s U n d e r t h e N a m e a n d S t y l e o f O c t a g o n C o m p u t e r S u p e r s t o r e ; M i c r o v a l l e y C o m p u t e r S u p e r s t o r e ; G a d g e t W o r l d ; O c t a g o n M o b i l e ; U n i s o ; G a d g e t K i n g a n d L a m p L i g h t)

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

U n i t 2 3 0 8 , 2 3 / F C a p i t a l H o u s e T o w e r 1 , 9 t h A v e n u e c o r n e r 3 4 t h S t r e e t , B o n i f a c i o G l o b a l C i t y , T a g u i g C i t y

Form Type

1 7 - Q

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

d_uy@octagon.com.ph

Company's Telephone Number/s

(02) 8 526-7152

Mobile Number

0920 960 9377

No. of Stockholders

10

Annual Meeting (Month / Day)

May 25

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Anita Lim

Email Address

a_lim@octagon.com.ph

Telephone Number/s

(02) 8 526-7152

Mobile Number

—

CONTACT PERSON'S ADDRESS

Unit 2308, 23/F Capital House Tower 1, 9th Avenue corner 34th Street, Bonifacio Global City, Taguig City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2025**
2. Commission identification number **AS95003836**
3. BIR Tax Identification No **004-780-008-000**
4. Exact name of issuer as specified in its charter

UPSON INTERNATIONAL CORP.

(Doing Business under the Name and Style of Octagon Computer Superstore; Microvalley Computer Superstore; Gadget World; Octagon Mobile; Uniso; Gadget King and Lamp Light)

5. Province, country or other jurisdiction of incorporation or organization **Manila City, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. **Unit 2308, 23/F Capital House Tower 1, 9th Avenue corner 34th Street, Bonifacio Global City, Taguig City**
Address of issuer's principal office Postal Code **1635**
8. Issuer's telephone number, including area code: **(02) 85267152**
9. **Not Applicable**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
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Common	3,125,001,300
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11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange (PSE)

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐ **Report: 17-Q**

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

Yes ☒ No ☐

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

The condensed interim consolidated financial statements as at June 30, 2025 (Unaudited) and December 31, 2024 (Audited) and for the six months ended June 30, 2025 and 2024 (Unaudited) and for the year ended December 31, 2024 (Audited) and the related notes to condensed interim consolidated financial statements of Upson International Corp. (referred to as “UIC” or the “Parent Company”) and its subsidiary, (collectively referred to as the “Group”) are filed as part of this Form 17-Q on pages 2 to 21.

The Group segment information is presented in Note 19 for the purpose of its segment reporting.

There are no other material events subsequent to the end of this interim period that have not been reflected in the unaudited consolidated financial statements filed as part of this report.

UPSON INTERNATIONAL CORP.

(Doing Business Under the Name and Style of Octagon Computer Superstore; Microvalley Computer Superstore; Gadget World; Octagon Mobile; Uniso; Gadgetking and Lamp Light)

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited June 30, 2025	Audited December 31, 2024
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱ 820,382,289	₱ 889,350,473
Trade and other receivables	5	337,557,693	323,636,707
Inventories	6	4,528,644,467	4,478,855,523
Other current assets	7	360,827,551	170,442,146
Total Current Assets		6,047,412,000	5,862,284,849
Noncurrent Assets			
Property and equipment	8	1,267,154,309	909,145,428
Right-of-use assets	16	306,972,713	415,453,570
Noncurrent portion of refundable lease deposits	7	33,260,592	77,828,402
Net deferred tax assets	17	22,110,352	17,925,407
Total Noncurrent Assets		1,629,497,966	1,420,352,807
TOTAL ASSETS		₱ 7,676,909,966	₱ 7,282,637,656
LIABILITIES AND EQUITY			
Current Liabilities			
Bank loans and trust receipt payables	10	₱ 2,596,673,151	₱ 2,502,957,649
Trade and other payables	9	1,583,908,002	1,187,613,676
Current portion of lease liabilities	16	231,395,856	301,608,037
Income tax payable		16,225,591	36,710,947
Total Current Liabilities		4,428,202,600	4,028,890,309
Noncurrent Liabilities			
Lease liabilities - net of current portion	16	72,587,059	97,662,654
Retirement liability		51,988,066	48,621,746
Deferred tax liability		28,975	-
Total Noncurrent Liabilities		124,604,100	146,284,400
Total Liabilities		4,552,806,700	4,175,174,709
Equity			
Capital stock		625,000,260	625,000,260
Additional paid-in capital		1,305,308,048	1,305,308,048
Retained Earnings		1,186,180,353	1,171,188,419
Accumulated remeasurement losses on retirement liability		(7,488,896)	(7,488,896)
Equity attributable to equity holders of the Parent Company		3,108,999,765	3,094,007,831
Non-controlling interest		15,103,501	13,455,116
Total Equity		3,124,103,266	3,107,462,947
TOTAL LIABILITIES AND EQUITY		₱ 7,676,909,966	₱ 7,282,637,656

See Notes to Condensed Interim Consolidated Financial Statements

*The Consolidated financial statements were prepared effective May 24, 2024, the date of incorporation of subsidiaries.

UPSON INTERNATIONAL CORP.

(Doing Business Under the Name and Style of Octagon Computer Superstore, Microvalley Computer Superstore

Gadget World; Octagon Mobile; Uniso; Gadgetking and Lamp Light)

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Unaudited				Audited
		April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	December 31, 2024
SALES		₱ 2,947,556,664	₱ 6,060,620,010	₱ 2,443,145,661	₱ 5,046,041,159	₱ 11,435,255,269
COST OF SALE S	6	2,356,730,015	4,801,104,999	1,940,650,116	3,992,330,268	9,062,980,868
GROSS PROFIT		590,826,649	1,259,515,011	502,495,545	1,053,710,891	2,372,274,401
OPERATING EXPENSE S	12	(537,766,056)	(1,084,423,242)	(440,165,171)	(888,326,587)	(1,924,449,385)
FINANCE COST	10	(48,562,326)	(95,482,502)	(38,962,605)	(77,314,745)	(152,538,293)
OTHER INCOME	13	95,465,983	179,989,782	83,706,515	159,877,560	341,307,910
INCOME BEFORE INCOME TAX		99,964,250	259,599,049	107,074,284	247,947,119	636,594,633
PROVISION FOR INCOME TAX						
Current		26,952,176	59,614,622	27,913,416	58,220,044	153,602,522
Deferred		(1,623,754)	(4,155,970)	(432,039)	(2,260,804)	1,360,227
		25,328,422	55,458,652	27,481,377	55,959,240	154,962,749
NET INCOME		74,635,828	204,140,397	79,592,907	191,987,879	481,631,884
OTHER COMPREHENSIVE INCOME						
Not to be reclassified to profit or loss in subsequent periods						
Remeasurement loss on retirement liability net of deferred income tax	15	-	-	-	-	(674,191)
TOTAL COMPREHENSIVE INCOME		₱ 74,635,828	₱ 204,140,397	₱ 79,592,907	₱ 191,987,879	₱ 480,957,693
Net income Attributable to:						
Equity holders of the Parent Company		₱ 74,899,875	₱ 202,492,012	₱ 79,989,357	₱ 192,384,329	₱ 480,176,768
Non-controlling interests		(264,047)	1,648,385	(396,450)	(396,450)	1,455,116
		₱ 74,635,828	₱ 204,140,397	₱ 79,592,907	₱ 191,987,879	₱ 481,631,884
Basic diluted earning per share		₱ 0.02	₱ 0.06	₱ 0.03	₱ 0.06	₱ 0.15

See Notes to Condensed Interim Consolidated Financial Statements

* The Consolidated financial statements were prepared effective may 24, 2024, the date of incorporation of subsidiaries.

UPSON INTERNATIONAL CORP.

(Doing Business Under the Name and Style of Octagon Computer Superstore; Microvalley Computer Superstore
Gadget World; Octagon Mobile; Uniso; Gadgetking and Lamp Light)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Unaudited January 1 to June 30, 2025	Audited December 31, 2024
	Note		
CAPITAL STOCK	11	₱ 625,000,260	₱ 625,000,260
ADDITIONAL PAID-IN CAPITAL	11	1,305,308,048	1,305,308,048
RETAINED EARNINGS	11		
UNAPPROPRIATED			
Balance at beginning of period		1,171,188,419	800,511,729
Net income		202,492,012	480,176,768
Reversal of appropriation		-	78,000,000
Cash dividends		(187,500,078)	(187,500,078)
Balance at end of period		1,186,180,353	1,171,188,419
ACCUMULATED REMEASUREMENT			
LOSSES ON RETIREMENT LIABILITY	15		
Balance at beginning of period		(7,488,896)	(6,814,705)
Remeasurement gain (loss)		-	(674,191)
Balance at end of period		(7,488,896)	(7,488,896)
EQUITY ATTRIBUTABLE TO EQUITY			
HOLDERS OF THE PARENT COMPANY		3,108,999,765	3,094,007,831
NON-CONTROLLING INTERESTS	11		
Balance at beginning of period		13,455,116	-
Additions		-	12,000,000
Net income		1,648,385	1,455,116
Balance at end of year		15,103,501	13,455,116
		₱ 3,124,103,266	₱ 3,107,462,947

See Notes to Condensed Interim Consolidated Financial Statements

* The Consolidated financial statements were prepared effective may 24, 2024, the date of incorporation

UPSON INTERNATIONAL CORP.

(Doing Business Under the Name and Style of Octagon Computer Superstore; Microvalley Computer Superstore
Gadget World; Octagon Mobile; Uniso; Gadgetking and Lamp Light)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

		Unaudited	Audited
		January 1 to	
	Note	June 30, 2025	December 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P	259,599,049	P 636,594,633
Adjustments for: Depreciation and amortization	8	254,743,487	408,059,413
Finance costs	10	95,482,502	152,538,293
Interest income	4	(2,869,374)	(27,085,544)
Retirement expense	15	3,366,320	5,851,832
Provision for inventory obsolescence	12	-	7,645,875
Gain on lease modification	16	(376,033)	(70,171)
Operating income before working capital changes		609,945,951	1,183,534,331
Decrease (Increase) in: Trade and other receivables		(15,995,153)	(149,762,918)
Inventories		(49,788,944)	(1,135,675,714)
Other current assets		(145,817,595)	(28,316,584)
Increase (decrease) in trade and other payables		392,264,559	(133,162,984)
Net cash generated from operations		790,608,818	(263,383,869)
Income tax paid		(80,099,978)	(134,067,564)
Interest received		4,943,541	34,269,459
Net cash provided by (used in) operating activities		715,452,381	(363,181,974)
CASH FLOW FROM AN INVESTING ACTIVITIES			
Additions to property and equipment	8	(410,990,727)	(194,533,011)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from: Bank loans and trust receipts availments	10	1,730,006,484	2,883,052,863
Issuance of capital stock		-	12,000,000
Additions to non-controlling interests	11	-	12,000,000
Payments of: Bank loans and trust receipts	10	(1,636,290,982)	(2,147,709,079)
Lease liabilities	16	(191,313,886)	(339,065,432)
Dividends	21	(187,500,078)	(187,500,078)
Interest	21	(88,331,376)	(134,586,318)
Net cash provided by (used in) financing activities		(373,429,838)	86,191,956
NET INCREASE (DECREASE) IN CASH AND CASH			
EQUIVALENTS		(68,968,184)	(471,523,029)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		889,350,473	1,360,873,502
CASH AND CASH EQUIVALENTS AT END			
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P	820,382,289	P 889,350,473
NON CASH FINANCIAL INFORMATION			
Additions and modifications to ROU assets	16 P	84,238,296	P (434,237,135)
Additions and modifications to lease liabilities	16	83,862,263	434,081,464
Capitalized borrowing costs	8	-	9,042,488

See Notes to Condensed Interim Consolidated Financial Statements

* The Consolidated financial statements were prepared effective may 24, 2024, the date of incorporation of subsidiaries.

UPSON INTERNATIONAL CORP.

(Doing Business Under the Name and Style of Octagon Computer Superstore; Microvalley Computer Superstore; Gadget World; Octagon Mobile; Uniso; Gadget King and Lamp Light)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Upson International Corp. (Doing Business Under the Name and Style of Octagon Computer Superstore; Microvalley Computer Superstore; Gadget World; Octagon Mobile; Uniso; Gadget King and Lamp Light) (herein referred to as UIC or the “Parent Company”) and its subsidiary, collectively referred to as the “Group”, were incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on the following dates:

	Date of Incorporation
Parent Company	April 19, 1995
Subsidiaries -	
iStudio Technologies Philippines Corporation (iStudio)	May 24, 2024
Upson Global Inc. (UGI)	July 10, 2024

The Parent Company and iStudio are primarily engaged in the business of buying, selling, distributing, marketing, at wholesale and retail all kinds of goods, commodities, wares and merchandise such as but not limited to computer hardware equipment, telecommunications and other similar products.

UGI is primarily engaged in the business of buying, selling, distributing, franchising, marketing, at wholesale and retail kinds of goods, commodities, wares and merchandise such as but not limited to water filtration and purification devices and systems, household, commercial, and industrial appliances and equipment, telecommunications other similar products.

In May 2024, the Parent Company incorporated iStudio with 52% ownership interest amounting to ₱26.0 million. In July 2024, the Parent Company incorporated UGI with 90% ownership interest amounting to ₱90.0 million (see Note 3).

The Parent Company’s registered office address is Unit 2308, 23/F Capital House Tower 1, 9th Avenue corner 34th Street, Bonifacio Global City, Taguig City.

Initial Public Offering (IPO)

On February 2, 2022, the BOD approved the amendments to the Parent Company’s Articles of Incorporation which included a five-to-one share split whereby one share at ₱1.00 par value a share will be converted to five shares at ₱0.20 par value a share. The SEC approved the share split on April 12, 2022.

The change in capital stock was pursuant to the public offering of the Parent Company’s shares with the Philippine Stock Exchange (PSE). On January 27, 2023, the PSE approved the Parent Company’s application for IPO. Subsequently, on March 20, 2023, the SEC issued the Certificate of Permit to Offer Securities for Sale for the initial listing of the Parent Company’s shares consisting of 625,001,000 primary common shares with an over-allotment option of 62,500,000 secondary common shares at an offer price of ₱2.40 a share. On April 3, 2023, the Parent Company’s shares of stock were listed under the Main Board of the PSE.

2. Summary of Material Accounting Policy Information

Basis of Preparation and Statement of Compliance

The unaudited condensed interim consolidated financial statements of the Group have been prepared on the historical cost basis of accounting, except for lease liabilities and retirement liability which are measured at present value, and are presented in Philippine Peso, the Group's functional and presentation currency. All values represent absolute amounts except when otherwise stated.

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2024.

The unaudited condensed interim consolidated financial statements of the Group for the six months ended June 30, 2025 have been prepared in accordance with PAS 34, *Interim Financial Reporting* and in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS effective for annual periods beginning and after January 1, 2025 -

- Amendments to PFRS 16, *Leases* - Lease Liability in a Sale and Leaseback - The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers*, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS Accounting Standards did not have any material effect on the financial statements of the Group. Additional disclosures were included in the notes to financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at June 30, 2025 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to ‘transaction price as defined by PFRS 15, Revenue from Contracts with Customers’ to ‘the amount determined by applying PFRS 15’ to remove potential confusion. Earlier application is permitted.
 - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term ‘cost method’ with ‘at cost’ following the deletion of the definition of ‘cost method’. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS Accounting Standards is not expected to have any material effect on the financial statements of the Group. Additional disclosures will be included in the financial statements, as applicable.

3. Acquisition of Subsidiaries

On May 24, 2024, the Parent Company incorporated iStudio with 52% ownership interest or 26.0 million common shares with a par value of ₱1.00 per common share amounting to ₱26.0 million. On July 10, 2024, the Parent Company incorporated UGI with 90% ownership interest or 90.0 million common shares with a par value of ₱1.00 per common share amounting to ₱90.0 million.

4. Cash and Cash Equivalents

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash on hand	₱ 2,716,410	₱ 2,611,864
Cash in banks	797,532,993	585,287,104
Cash equivalents	20,132,886	301,451,505
	₱ 820,382,289	₱ 889,350,473

Cash in banks earn interest at prevailing bank deposit rates. Cash equivalents pertain to short-term placements with varying maturity terms of between one month and three months depending on the immediate cash requirements of the Group and earn interest at prevailing short-term placement rates. Details of interest income are as follows (see Note 13):

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash in banks	₱ 390,672	₱ 2,730,178
Cash equivalents	2,478,702	24,355,366
	₱ 2,869,374	₱ 27,085,544

5. Trade and Other Receivables

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade	P 298,971,421	P 284,735,673
Advances to:		
Stockholders	31,791,848	31,791,848
Suppliers	2,039,987	3,033,601
Officers and employees	4,754,437	2,001,418
Accrued interest receivable	-	2,074,167
	P 337,557,693	P 323,636,707

Trade receivables are noninterest-bearing and are generally settled within three (3) to 30 days after the reporting period. No ECL was recognized for trade receivables for the six months ended June 30, 2025 and 2024 and for the year ended December 31, 2024.

Advances to suppliers pertain to advance payments for purchases of inventory and are immediately applied against billings for inventory delivered.

Advances to officers and employees pertain to noninterest-bearing advances subject to liquidation and are generally liquidated in the subsequent period.

6. Inventories

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
At cost:		
Computers and peripherals	P 2,520,818,817	P 2,742,915,960
Accessories	1,199,440,709	727,139,593
Mobile phones	524,382,204	633,575,525
Printers and scanners	240,091,230	340,011,731
Consumables	101,247,343	94,627,582
Water filtration devices	2,079,032	-
	4,588,059,335	4,538,270,391
Less allowance for inventory obsolescence	(59,414,868)	(59,414,868)
Net realizable value	P 4,528,644,467	P 4,478,855,523

Movements in the allowance for inventory obsolescence are as follows:

		June 30, 2025		December 31, 2024
		(Unaudited)		(Audited)
Balance at beginning of period	P	59,414,868	P	51,768,993
Provision for inventory obsolescence		-		7,645,875
Balance at end of period	P	59,414,868	P	59,414,868

The Group's inventories are stated at NRV as at June 30, 2025 and December 31, 2024.

Under the terms of agreements, merchandise inventories amounting to ₱1,180.0 million and ₱2,583.1 million as at June 30, 2025 and December 31, 2024, respectively, were covered by trust receipts issued by local banks (see Note 10).

Cost of inventories sold during the year follows:

			Unaudited			Audited
	April 1 to	January 1 to	April 1 to	January 1 to		December 31
	June 30, 2025	June 30, 2025	June 30, 2024	June 30, 2024		2024
Inventories at beginning of period	P 4,637,513,719	P 4,538,270,391	P 3,402,594,677	P 3,402,594,677	P	3,402,594,677
Purchases	2,307,275,631	4,850,893,943	2,072,551,358	4,124,231,510		10,198,656,582
Cost of goods available for sale	6,944,789,350	9,389,164,334	5,475,146,035	7,526,826,187		13,601,251,259
Less inventories at end of period	4,588,059,335	4,588,059,335	3,534,495,919	3,534,495,919		4,538,270,391
	P 2,356,730,015	P 4,801,104,999	P 1,940,650,116	P 3,992,330,268	P	9,062,980,868

7. Other Assets

This account includes:

		June 30, 2025		December 31, 2024
		(Unaudited)		(Audited)
Refundable lease deposits	P	255,803,521	P	243,801,968
CWT		478,283		-
Input VAT		56,486,605		-
Prepayments		81,319,734		4,468,580
		394,088,143		248,270,548
Less non-current portion of refundable lease deposits		33,260,592		77,828,402
	P	360,827,551	P	170,442,146

Prepayments pertain to advance payment of rent under short-term leases and business permits.

8. Property and Equipment

Movements of this account are presented below:

June 30, 2025 (Unaudited)								
	Leasehold Improvements	Land	Building	Store Furniture and Fixtures	Transportatio n Equipment	Furniture and Fixtures	CIP	Total
Cost								
Balance at beginning of year	687,123,753	201,025,000	208,474,487	187,850,225	151,661,594	113,556,988	238,881,541	1,788,573,588
Additions	24,904,564	303,142,857	49,107,143	8,450,438	-	8,497,426	25,930,697	420,033,125
Reclassifications	31,284,326					107,345	(31,391,671)	-
Balance at end of year	743,312,643	504,167,857	257,581,630	196,300,663	151,661,594	122,161,759	233,420,567	2,208,606,713
Accumulated Depreciation and Amortization								
Balance at beginning of year	511,423,068	-	32,542,233	109,912,605	126,910,308	98,639,946	-	879,428,160
Depreciation and amortization	38,258,172		4,621,245	10,729,258	3,640,395	4,775,174		62,024,244
Balance at end of year	549,681,240	-	37,163,478	120,641,863	130,550,703	103,415,120	-	941,452,404
Carrying Amount	193,631,403	504,167,857	220,418,152	75,658,800	21,110,891	18,746,639	233,420,567	1,267,154,309

December 31, 2024 (Audited)								
	Leasehold Improvements	Land	Building	Store Furniture and Fixtures	Transportation Equipment	Furniture and fixtures	CIP	Total
Cost								
Balance at beginning of year	609,482,926	201,025,000	208,474,487	143,360,783	133,324,094	110,010,869	179,319,930	1,584,998,089
Additions	11,251,587	-	-	44,489,442	18,337,500	3,546,119	125,950,851	203,575,499
Reclassification	66,389,240	-	-	-	-	-	(66,389,240)	-
Disposal	-	-	-	-	-	-	-	-
Balance at end of year	687,123,753	201,025,000	208,474,487	187,850,225	151,661,594	113,556,988	238,881,541	1,788,573,588
Accumulated Depreciation and Amortization								
Balance at beginning of year	448,924,870	-	24,281,885	89,095,323	112,642,606	90,634,481	-	765,579,165
Depreciation and amortization	62,498,198	-	8,260,348	20,817,282	14,267,702	8,005,465	-	113,848,995
Balance at end of year	511,423,068	-	32,542,233	109,912,605	126,910,308	98,639,946	-	879,428,160
Carrying Amount	175,700,685	201,025,000	175,932,254	77,937,620	24,751,286	14,917,042	238,881,541	909,145,428

Construction in progress represents the accumulated costs incurred in the construction of a warehouse and store branches which are expected to be completed within 2025. As at June 30, 2025, the estimated total cost to complete the warehouse and store branches amounted to ₱47.0 million.

The Group's building with a carrying amount of ₱154.1 million and ₱157.7 million as at June 30, 2025 and December 31, 2024, respectively, was used as collateral for a related party's outstanding loan with a local bank (see Note 14).

Fully depreciated property and equipment still being used by the Group amounted to ₱329.1 million and ₱322.2 million as at June 30, 2025 and December 31, 2024, respectively.

Depreciation and amortization are recognized from:

	Note	Unaudited				Audited
		April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	December 31, 2024
ROU assets	16	₱99,125,308	₱192,719,153	₱72,382,547	₱143,370,559	₱294,210,418
Property and equipment		33,994,963	62,024,334	29,087,841	57,983,159	113,848,995
		₱133,120,271	₱254,743,487	₱101,087,841	₱201,353,718	₱408,059,413

Depreciation and amortization are charged to the following (see Note 12):

	Unaudited				Audited
	April 1 to June 30, 2024	January 1 to June 30, 2024	April 1 to June 30, 2024	January 1 to June 30, 2024	December 31, 2024
Selling and marketing expenses	₱111,720,411	₱212,349,865	₱81,788,995	₱158,969,157	₱318,696,401
General and administrative expenses	21,399,860	42,393,622	19,681,393	42,384,561	89,363,012
	₱133,120,271	₱254,743,487	₱101,470,388	₱201,353,718	₱408,059,413

9. Trade and Other Payables

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade payables	₱ 1,451,136,510	₱ 1,142,591,736
Statutory payables	110,831,314	25,567,738
Accrued expense	12,277,233	8,164,973
Advances from a related party	442,233	-
Retention payables	8,091,081	5,678,831
Dividends payable	-	-
Others	1,129,631	5,610,398
	₱ 1,583,908,002	₱ 1,187,613,676

Trade payables are noninterest-bearing, unsecured and payable in cash within 90 days.

Statutory payables include VAT payable, withholding taxes payable and payables to other government agencies which are normally settled in the following month.

Accrued expenses pertain to interests, contracted and other services, professional fees and utilities which are settled within the next reporting period.

Retention payables pertain to the amounts retained by the Group from payments to contractors for the construction contracts. These are deducted as a percentage of the amount certified as due to the contractor and paid upon final acceptance of the constructed property.

Others pertain to refundable customer deposits and other non-trade payables.

10. Bank Loans and Trust Receipts Payable

Movements in this account are as follows:

	June 30, 2025 (Unaudited)		
	Bank Loans	Trust Receipts	Total
Balance at beginning of period	₱1,216,666,667	₱1,286,290,982	₱2,502,957,649
Availments	550,000,000	1,180,006,484	1,730,006,484
Payments	(350,000,000)	(1,286,290,982)	(1,636,290,982)
Balance at end of period	₱1,416,666,667	₱1,180,006,484	₱2,596,673,151

	December 31, 2024 (Audited)		
	Bank Loans	Trust Receipts	Total
Balance at beginning of year	₱916,666,667	₱850,947,198	₱1,767,613,865
Availments	300,000,000	2,583,052,863	2,883,052,863
Payments	-	(2,147,709,079)	(2,147,709,079)
Balance at end of year	₱1,216,666,667	₱1,286,290,982	₱2,502,957,649

As at June 30, 2025 and December 31, 2024, the bank loans and trust receipts have terms of three months to one year, subject to refinancing upon approval of the creditor bank. Interest rates on bank loans and trust receipts range from 5.38% to 7.5% in 2025 and 5.63% to 8.00% in 2024.

Trust Receipts

Under the terms of agreements, merchandise inventories amounting to ₱1,180.0 million and ₱2,583.1 million as at June 30, 2025 and December 31, 2024, respectively, were covered by trust receipts issued by local banks (see Note 6).

Covenants

As at June 30, 2025, the Group's bank loans were not covered by any covenants.

Details of finance costs charged to operations are as follows:

	Note	Unaudited			Audited
		April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to December 31, 2024
Interest on bank loans		₱20,910,150	₱40,209,907	₱16,113,513	₱68,590,006
Interest on trust receipts		21,581,029	43,108,748	15,966,323	63,929,788
Accretion of interest on lease liabilities	16	6,071,147	12,163,847	6,882,769	29,060,987
		48,562,326	95,482,502	38,962,605	161,580,781
Less capitalized borrowing cost		-	-	-	(9,042,488)
		₱48,562,326	₱95,482,502	₱38,962,605	₱152,538,293

No finance costs were capitalized for the six months ended June 30, 2025.

11. Equity

Capital Stock

Details of capital stock follow:

	June 30, 2025 (Unaudited)		December 31, 2024 (Audited)	
	Shares	Amount	Shares	Amount
Authorized:				
Balance at beginning and end of period	6,250,000,000	₱1,250,000,000	6,250,000,000	₱1,250,000,000
Issued and outstanding:				
Balance at beginning and end of period	3,125,001,300	₱625,000,260	3,125,001,300	₱625,000,260

APIC

On April 3, 2023, the Parent Company completed the IPO of its 625,001,000 common shares at an offer price of ₱2.40 a share (see Note 1). The net proceeds from the IPO amounting to ₱1,401.8 million, net of offer expenses of ₱98.2 million, were intended for the Parent Company's store network expansion and store improvement program. The unapplied proceeds as at June 30, 2025 amounted to ₱42.4 million and are maintained in the Parent Company's cash in bank and cash equivalents.

Additional paid-in capital, which represents the excess of the offer price over the par value of the shares issued, net of directly attributable stock issuance costs of ₱69.7 million, amounted to ₱1,305.3 million.

Details of the additional paid-in capital are as follows:

	Amount
Additional paid-in capital	₱1,375,002,200
Less stock issuance costs:	
Underwriting and selling fees	49,107,219
Professional fees	15,332,630
Others	5,254,303
	₱1,305,308,048

Retained Earnings

Dividend Declaration

Details of the cash dividends declared by the Group in 2025 and 2024 are as follows:

Date of BOD approval	Stockholders of record	Dividend per share	Amount
May 26, 2025	June 10, 2025	₱0.06	₱187,500,078
February 28, 2024	March 13, 2024	₱0.06	₱187,500,078
July 12, 2023	July 26, 2023	₱0.04	₱138,000,057

As of June 30, 2025 and December 31, 2024, the cash dividends were completely distributed to the stockholders.

Non-controlling Interests

The Group's non-controlling interests represent ownership of non-controlling interests amounting to ₱15.1 million and ₱13.5 as at June 30, 2025 and December 31, 2024, respectively.

12. Operating Expenses

This account consists of:

	Unaudited				Audited
	April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	December 31 2024
Selling and marketing expenses	₱ 424,087,883	₱ 866,898,773	₱ 358,168,253	₱ 711,533,384	₱ 1,557,868,348
General and administrative expenses	113,678,173	217,524,469	81,996,918	176,793,203	366,581,037
	₱ 537,766,056	₱ 1,084,423,242	₱ 440,165,171	₱ 888,326,587	₱ 1,924,449,385

Selling and marketing expenses consist of:

	Unaudited				Audited
	April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	December 31 2024
Merchant discount	₱ 104,095,277	₱ 209,752,965	₱ 76,963,897	₱ 154,754,753	₱ 387,586,919
Personnel costs	75,898,121	169,768,425	77,240,427	152,096,678	344,604,638
Depreciation and amortization	111,720,411	212,349,865	81,788,995	158,969,157	318,696,401
Rent	48,187,643	103,365,361	53,232,817	103,765,596	200,452,585
Utilities	42,736,710	82,328,565	35,522,485	69,592,503	145,193,801
Contracted and other services	35,046,721	76,597,260	28,185,982	61,569,854	130,077,550
Advertising	1,667,194	3,720,554	1,128,642	2,732,215	7,293,865
Freight and delivery	3,721,889	6,701,299	3,012,475	5,838,923	11,832,447
Retirement expense	1,013,917	2,314,479	1,092,533	2,213,705	4,484,267
Provision for inventory obsolescence		-	-	-	7,645,875
	₱ 424,087,883	₱ 866,898,773	₱ 358,168,253	₱ 711,533,384	₱ 1,557,868,348

General and administrative expenses consist of:

	Unaudited				Audited
	April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	December 31 2024
Personnel costs	₱ 42,928,816	₱ 70,543,457	₱ 26,114,136	₱ 48,933,808	₱ 102,448,544
Taxes and licenses	27,226,448	54,268,351	13,867,545	42,504,688	80,380,331
Depreciation and amortization	21,399,860	42,393,622	19,681,393	42,384,561	89,363,012
Stationary and supplies	3,409,891	6,857,136	2,846,461	6,717,514	15,103,463
Repairs, warranties and maintenance	5,294,128	10,617,802	6,968,967	11,390,081	19,699,558
Transportation and travel	4,929,975	9,967,929	4,349,670	7,898,417	16,295,947
Professional fees	3,013,877	7,115,027	1,541,794	4,741,058	9,052,787
Representation	1,150,642	1,938,662	2,051,008	3,182,547	14,584,295
Retirement	669,243	1,051,841	370,425	712,211	1,367,565
Miscellaneous	3,655,293	12,770,642	4,205,519	8,328,318	18,285,535
	₱ 113,678,173	₱ 217,524,469	₱ 81,996,918	₱ 176,793,203	₱ 366,581,037

Personnel costs consist of:

	Unaudited				Audited December 31 2024
	April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	
Salaries and wages	₱ 106,509,469	₱ 215,465,742	₱ 93,805,718	₱ 183,633,882	₱ 393,613,526
Employees benefits	12,317,468	24,846,140	9,548,845	17,396,604	53,439,656
	₱ 118,826,937	₱ 240,311,882	₱ 103,354,563	₱ 201,030,486	₱ 447,053,182

13. Other Income

	Unaudited				Audited December 31 2024
	April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	
Interest income	₱ 1,200,904	₱ 2,869,374	₱ 6,728,261	₱ 15,492,097	₱ 27,085,544
Foreign exchange gain	5,104,401	12,073,693	-	7,205,362	8,828,916
Gain on lease modification	-	376,033	-	-	70,171
Others	89,160,678	164,670,682	76,978,254	137,180,101	305,323,279
	₱ 95,465,983	₱ 179,989,782	₱ 83,706,515	₱ 159,877,560	₱ 341,307,910

Others mainly pertain to income from product advertising or promotional support from suppliers.

14. Related Party Transactions

The Group has transactions with related parties as follows:

Related Parties	Nature of Transactions	Transactions during the Year		Outstanding Balance	
		2025	2024	2025	2024
Trade and other receivables					
	Advances for business				
Stockholder	development	₱ -	₱ -	31,791,848 ₱	31,791,848
Trade and other receivables					
Entities under common	Purchase of property	₱ 305,250,000			
Lease arrangement					
Entity under common control	ROUA amortization	₱ (32,917,130)	₱ (66,983,862)	(33,629,254) ₱	67,547,562
	Lease liability payment	(33,832,606)	(71,317,521)	(35,145,432)	70,011,098
	Gain on lease modification		(70,171)	-	-

Terms and Conditions

Advances to a Stockholder

Advances to a stockholder are unsecured, noninterest-bearing advances for ordinary travel or business expenses which are subsequently liquidated.

Advances from a Related Party

Advances from a related party are unsecured, noninterest-bearing, due and demandable and are settled in cash.

The Group's building with a carrying amount of ₱154.1 million and ₱157.7 million as at June 30, 2025 and December 31, 2024, respectively, was used as collateral for a related party's outstanding loan with a local bank (see Note 8).

Compensation of Key Management Personnel

The remuneration of the key management personnel of the Group are set out below:

	Unaudited				Audited
	April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	December 31 2024
Short-term employee benefits	₱ 1,713,465	₱ 3,426,930	₱ 2,253,465	₱ 3,426,930	₱ 6,853,860
Post-employment benefits	166,407	332,814	166,407	332,814	665,628
	₱ 1,879,872	₱ 3,759,744	₱ 2,419,872	₱ 3,759,744	₱ 7,519,488

15. Retirement Liability

The Group has an unfunded, non-contributory defined benefit plan covering substantially all qualified employees. The retirement liability is based on years of service and compensation based on the last year of employment as determined by an external actuary. The latest actuarial valuation was dated December 31, 2024.

There are no unusual or significant risks to which the retirement liability exposes the Group. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable by the Group.

Retirement expense recognized in the statements of comprehensive income is as follows:

	Unaudited				Audited
	April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	December 31 2024
Current service cost	₱ 941,679	₱ 1,883,357	₱ 813,957	₱ 1,627,915	₱ 3,255,830
Interest cost	741,481	1,482,963	649,001	1,298,001	2,596,002
	₱ 1,683,160	₱ 3,366,320	₱ 1,462,958	₱ 2,925,916	₱ 5,851,832

Retirement expenses are charged to the following (see Note 12):

	Unaudited				Audited
	April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	December 31 2024
Selling and marketing expenses	₱ 1,013,917	₱ 2,314,479	₱ 1,092,533	₱ 2,213,705	₱ 4,484,267
General and administrative expenses	669,243	1,051,841	370,425	712,211	1,367,565
	₱ 1,683,160	₱ 3,366,320	₱ 1,462,958	₱ 2,925,916	₱ 5,851,832

The components of retirement liability recognized in the statements of financial position are as follows:

		June 30, 2025 (Unaudited)		December 31, 2024 (Audited)
Balance at beginning of year	₱	48,621,746	₱	41,870,993
Current service cost		1,883,357		3,255,830
Interest cost		1,482,963		2,596,002
Remeasurement loss		-		898,921
	₱	51,988,066	₱	48,621,746

The assumptions used to determine retirement liability are as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Discount rate	6.10%	6.10%
Salary increase rate	3.00%	3.00%

The sensitivity analyses based on reasonably possible changes of the assumptions as at June 30, 2025 follow:

	Basis Points	Effect on Present Value of Retirement Liability
Discount rate	+100	(₱5,515,205)
	-100	6,624,033
Salary increase rate	+100	6,512,023
	-100	(5,517,212)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The Group does not maintain a fund for its retirement liability. While funding is not a requirement of the law, there is a risk that the Group may not have the cash if several employees retire within the same year.

The weighted average duration of the defined benefit plan at the end of the reporting period is 15 years.

Details of accumulated remeasurement loss on retirement liability recognized in equity are as follows:

	June 30, 2025 (Unaudited)	
	Cumulative Remeasurement Loss	Cumulative Remeasurement Loss, Net of Tax
Balance at beginning and end of period	₱9,985,195	(₱2,496,299) ₱7,488,896

	December 31, 2024 (Audited)		
	Cumulative Remeasurement Loss	Deferred Tax (see Note 17)	Cumulative Remeasurement Loss, Net of Tax
Balance at beginning of year	₱9,086,274	(₱2,271,569)	₱6,814,705
Remeasurement gain	898,921	(224,730)	674,191
Balance at end of year	₱9,985,195	(₱2,496,299)	₱7,488,896

16. Lease Commitments

Short-term Lease

The Group leases certain office, store and advertisement spaces for a period of less than one (1) year at a fixed rental based on agreement with the lessors.

Rent expense on short-term leases is charged to the following (see Note 12):

	Unaudited				Audited
	April 1 to June 30, 2025	January 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2024	December 31 2024
Selling and marketing expenses	₱ 48,187,643	₱ 103,365,361	₱ 53,232,817	₱ 103,765,596	₱ 200,452,585
General and administrative expenses	-	-	-	-	-
	₱ 48,187,643	₱ 103,365,361	₱ 53,232,817	₱ 103,765,596	₱ 200,452,585

Long-term Lease

The Group has non-cancellable lease agreements with a related party and third parties for its warehouse, office, parking lots and store spaces for more than 12 months for which ROU assets and corresponding lease liabilities are recognized.

ROU Assets

The balance of and movements in ROU assets are as follows:

	Note	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cost:			
Balance at beginning of period		₱ 1,684,558,558	₱ 1,250,321,423
Additions		85,239,474	436,096,715
Effect of lease modification		(1,001,178)	(1,859,580)
Balance at end of period		1,768,796,854	1,684,558,558
Accumulated amortization:			
Balance at beginning of period		1,269,104,988	974,894,570
Amortization during the year	8	192,719,153	294,210,418
Balance at end of period		1,461,824,141	1,269,104,988
Carrying Amount		₱ 306,972,713	₱ 415,453,570

Refundable Lease Deposits

Lease deposits, which are refundable at the end of the lease term if unutilized, aggregate ₱255.8 million and ₱243.8 million as at June 30, 2025 and December 31, 2024, respectively (see Note 7).

Lease Liabilities

The balance and movements in lease liabilities are as follows:

	Note	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of period		₱ 399,270,691	₱ 275,193,672
Additions		85,239,474	436,011,215
Accretion	10	12,163,847	29,060,987
Effect of lease modification		(1,377,211)	(1,929,751)
Payments		(191,313,886)	(339,065,432)
Balance at end of period		303,982,915	399,270,691
Current portion		231,395,856	301,608,037
Noncurrent Portion		₱ 72,587,059	₱ 97,662,654

Incremental borrowing rate ranging from 3.4% to 7.0% was applied to determine the discounted amount of lease liabilities in 2025 and 2024.

In 2025, the Group has pre-terminated one (1) store resulting to a gain on lease modification of ₱0.4 million and ₱0.1 million for the six months ended June 30, 2025 and 2024, respectively (see Note 13).

The future minimum lease payments and present value as at June 30, 2025 is as follows:

	Minimum Lease Payments	Present Value
Not later than one year	₱241,734,552	₱231,395,856
Later than one year but not more than five years	74,570,869	72,587,059
	₱316,305,421	₱303,982,915

17. Income Taxes

The provision for current income tax pertains to regular corporate income tax (RCIT) for the six months ended June 30, 2025 and for the year ended December 31, 2024.

The Group's net deferred tax assets in the statements of financial position consist of the following:

	Note	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Deferred tax assets:			
Allowance for inventory obsolescence		₱ 14,853,717	₱ 14,853,717
Retirement liability:			
Profit and loss		10,500,718	9,659,138
OCI	15	2,496,299	2,496,299
		27,850,734	27,009,154
Deferred tax liability:			
Capitalizing borrowing cost		(5,029,151)	(5,029,151)
Excess of ROU asset over lease liability		(740,206)	(4,054,596)
		(5,769,357)	(9,083,747)
		₱ 22,081,377	₱ 17,925,407

18. Basic and Diluted Earnings per Share Computation

The following table presents information necessary to calculate earnings per share:

	April 1 to June 30, 2025	Unaudited January 1 to June 30, 2025	April 1 to June 30, 2024	Unaudited January 1 to June 30, 2024	Audited December 31 2024
Net income attributable to equity holders of the Parent Company	₱ 74,899,875	₱ 202,492,012	₱ 79,789,357	₱ 192,384,329	₱ 481,631,884
Divided by weighted average number of outstanding shares	3,125,001,300	3,125,001,300	3,125,001,300	3,125,001,300	3,125,001,300
	₱ 0.02	₱ 0.06	₱ 0.03	₱ 0.06	₱ 0.15

The Group has no dilutive potential shares for the six months ended June 30, 2025 and 2024, and for the year ended December 31, 2024.

19. Segment Reporting

The Group segment report is presented as follows:

June 30, 2025					
Unaudited					
	IT Products	Water Filtration and Purification	Total	Eliminations	Total
Net Sales	₱ 6,057,626,228	₱ 4,272,240	₱ 6,061,898,468	₱ (1,278,458)	₱ 6,060,620,010
Cost of Sales	(4,799,253,642)	(2,987,310)	(4,802,240,952)	1,135,953	(4,801,104,999)
Gross Income	1,258,372,586	1,284,930	1,259,657,516	(142,505)	1,259,515,011
Operating Expenses	(1,081,018,868)	(3,494,717)	(1,084,513,585)	90,343	(1,084,423,242)
Finance Costs	(95,445,183)	(37,319)	(95,482,502)	-	(95,482,502)
Other Income	179,606,133	383,649	179,989,782	-	179,989,782
Income Before Income Tax	261,514,668	(1,863,457)	259,651,211	(52,162)	259,599,049
Provision for (Benefit from) Income Tax					
Current	59,614,622	-	59,614,622	-	59,614,622
Deferred	(4,220,451)	64,481	(4,155,970)	-	(4,155,970)
	55,394,171	64,481	55,458,652	-	55,458,652
Net Income	206,120,497	(1,927,938)	204,192,559	(52,162)	204,140,397
Other Comprehensive Income (Loss)					
Not to be reclassified to profit or loss in subsequent period					
Remeasurement gain (loss) on net retirement liabilities - net of deferred tax	-	-	-	-	-
Total Comprehensive Income	₱ 206,120,497	₱ (1,927,938)	₱ 204,192,559	₱ (52,162)	₱ 204,140,397
Segment Assets	₱ 7,747,990,599	₱ 46,072,774	₱ 7,794,063,373	₱ (117,182,382)	₱ 7,676,880,991
Segment Liabilities	₱ 4,592,230,091	₱ 1,677,854	₱ 4,593,907,945	₱ (41,130,220)	₱ 4,552,777,725

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

The following discussion and analysis relate to the unaudited interim consolidated financial position and results of operations of the Group and should be read in conjunction with the accompanying unaudited interim consolidated financial statements and related notes. The Group cautions that its business and financial performance is subject to certain risks and uncertainties. In evaluating the Group's business, investors should carefully consider all the information contained in "Risk Factors."

2.1 OVERVIEW

Upson International Corp. (Doing Business Under the Name and Style of Octagon Computer Superstore; Microvalley Computer Superstore; Gadget World; Octagon Mobile; Uniso; Gadget King and Lamp Light) (the "Parent Company") and its subsidiary, collectively referred to as the "Group" were incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on April 19, 1995 and May 24, 2024, respectively. The Group is primarily engaged in the business of buying, selling, distributing, marketing, at wholesale and retail all kinds of goods, commodities, wares and merchandise such as but not limited to computer hardware equipment, telecommunications and other similar products.

The Parent Company's registered office address is Unit 2308, 23/F Capital House Tower 1, 9th Avenue corner 34th Street, Bonifacio Global City, Taguig City.

On January 27, 2023, the PSE approved the Parent Company's application for IPO. Subsequently, on March 20, 2023, the SEC issued the Certificate of Permit to Offer Securities for Sale for the initial listing of the Parent Company's shares consisting of 625,001,000 primary common shares with an over-allotment option of 62,500,000 secondary common shares at an offer price of ₱2.40 a share. On April 3, 2023, the Parent Company's shares of stock were listed under the Main Board of the PSE.

2.2 RESULT OF OPERATION

Unaudited Consolidated Interim Statements of Comprehensive Income				
For the six months ended June 30				
		2025	2024	% Change
Sales	₱	6,060,620,010	₱ 5,046,041,159	20.11%
Cost of sales		4,801,104,999	3,992,330,268	20.26%
Gross income		1,259,515,011	1,053,710,891	19.53%
Operating expenses		(1,084,423,242)	(888,326,587)	22.07%
Finance costs		(95,482,502)	(77,314,745)	23.50%
Other income		179,989,782	159,877,560	12.58%
Income before income tax		259,599,049	247,947,119	4.70%
Provision for income tax				
Current		59,614,622	58,220,044	2.40%
Deferred		(4,155,970)	(2,260,804)	83.83%
		55,458,652	55,959,240	-0.89%
Net Comprehensive Income	₱	204,140,397	₱ 191,987,879	6.33%
Earning per share	₱	0.06	₱ 0.06	

2.3 OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2025 COMPARED WITH JUNE 30, 2024

During the six months ended June 30, 2025, the Group's operation resulted to a net income of ₱204.1 million.

Sales for the six months ended June 30, 2025 increased by 20.11% compared with the sales for the six months ended June 30, 2024. The increase is mainly due to 9.83% store network growth to 257 stores for the Group as at June 30, 2025 compared with 234 stores for the Parent as at June 30, 2024. The Group's gross profit ratio is 20.78% and 20.88% as at June 30, 2025 and 2024, respectively.

The Group's operating expenses mainly consist of depreciation and amortization, personnel costs, merchant discount, rent, utilities, and contracted and other services.

In 2025, the Group availed loans and trust receipts amounting to ₱1,730.0 million resulting to higher finance costs. Interest rates range from 5.38% to 7.50% in 2025 as compared with 6.13% to 8.00% as at June 30, 2024 and 5.63% to 8.00% as at December 31, 2024.

2.4 FINANCIAL CONDITION

Interim Consolidated Statements of Financial Position

	Unaudited June 30, 2025	Audited December 31, 2024	% Change
Total Current Assets	₱ 6,047,412,000	₱ 5,862,284,849	3.16%
Total Assets	7,676,909,966	7,282,637,656	5.41%
Current Liabilities	4,428,202,600	4,028,890,309	9.91%
Total Liabilities	4,552,806,700	4,175,174,709	9.04%
Total Equity	3,124,103,266	3,107,462,947	0.54%
Current assets/Total assets	78.77%	80.50%	-2.14%
Current ratio	1.37	1.46	-6.14%
Debt to equity ratio	1.46	1.34	8.46%

The noncurrent assets of the Group mainly consist of property and equipment and ROU assets. The net increase is mainly caused by the renewal of lease agreements that are qualified for ROU assets recognition and the acquisition of store furniture and fixtures, transportation equipment and on-going construction of warehouses.

The liabilities of the Group mainly consist of trade payables to suppliers, bank loans and trust receipts payable, and lease liabilities. The net increase in liabilities is mainly caused by the availments of loans and trust receipts.

2.5 LIQUIDITY and CAPITAL RESOURCES

The table below shows the Group's cash flows for the three months ended June 30, 2025 and 2024.

Unaudited Interim Cash Flows

	For the six months ended June 30		
	2025	2024	% Change
Net cash provided by (used in) operating activities	₱ 715,452,381	₱ (363,181,974)	297.00%
Cash used in an investing activity	(410,990,727)	(194,533,011)	111.27%
Net cash provided by (used in) financing activities	(373,429,838)	86,191,956	(533.25%)
Net decrease in cash	(68,968,184)	(471,523,029)	(85.37%)
Cash at beginning of period	889,350,473	1,360,873,502	(34.65%)
Cash at end of period	820,382,289	889,350,473	(07.75%)

The Group has assessed that it has sufficient resources to finance its working capital requirements. All funding for the Group's operations for the next 12 months shall be internally generated.

For the six months ended June 30, 2025, the cash used in an investing activity pertains to expenditures for additional property and equipment following the store network expansion program which includes improvements in the supply chain and logistics.

The net cash used in financing activities mainly pertains of dividend distribution, lease payments and loan repayments, net of loan availments in 2025.

2.6 FINANCIAL SOUNDNESS INDICATORS

All secondary licensees of the Commission (financing companies, broker dealer of securities and underwriters) and public companies are required to include a schedule showing financial soundness indicators in two comparative periods, as follows:

Ratio	Formula	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Current/Liquidity Ratio			
	Current assets	₱6,047,412,000	₱5,862,284,849
	Divided by: Current liabilities	4,428,202,600	4,028,890,309
	Current/Liquidity ratio	1.37:1.00	1.46:1.00
Solvency Ratio			
	Net income before depreciation and amortization	₱458,883,884	₱889,691,297
	Divided by: Total liabilities	4,552,777,725	4,175,174,709
	Solvency ratio	0.10:1.00	0.21:1.00
Debt-to-Equity Ratio			
	Total liabilities	₱4,552,777,725	₱4,175,174,709
	Divided by: Total equity	3,124,103,266	3,107,462,947
	Debt-to-Equity ratio	1.46:1.00	1.34:1.00
Asset-to-Equity Ratio			
	Total assets	₱7,676,880,991	₱7,282,637,656
	Divided by: Total equity	3,124,103,266	3,107,462,947
	Asset-to-Equity ratio	2.46:1.00	2.34:1.00
Interest Rate Coverage Ratio			
	Income before interest and taxes	₱355,081,551	₱789,132,926
	Divided by: Interest expense	95,482,502	152,538,293
	Interest Rate Coverage ratio	3.72:1.00	5.17:1.00
Return on Assets Ratio			
	Net income	₱204,140,397	₱481,631,884
	Divided by: Total assets	7,676,880,991	7,282,637,656
	Return on Assets ratio	0.03:1.00	0.07:1.00
Return on Equity Ratio			
	Net income	₱204,140,397	₱481,631,884
	Divided by: Total equity	3,124,103,266	3,107,462,947
	Return on Equity ratio	0.07:1.00	0.15:1.00
Net Profit Margin			
	Net income	₱204,140,397	₱481,631,884
	Divided by: Revenues	6,060,620,010	11,435,255,269
	Net Profit Margin	0.03:1.00	0.04:1.00

2.7 RISK

Overview

The Group's activities expose it to a variety of financial risks: market risk which includes credit risk, liquidity risk and interest rate risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The BOD reviews and approves the policies for managing each of these risks.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Financial assets that potentially subject the Group to credit risk consist primarily of cash in banks, short-term investment, trade receivables and refundable lease deposits.

Risk Management. To manage credit risk, the Group deals only with reputable banks and creditworthy third parties. Sales to retail customers are required to be settled in cash or through major credit cards, further mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers and/or specific industry sectors.

The table below shows the maximum gross exposure of the Group to credit risk:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash in banks and cash equivalents	₱817,665,879	₱886,738,609
Trade receivables	298,971,421	284,735,673
Accrued interest receivable	-	2,074,167
	₱1,116,637,300	₱1,173,548,449

As at June 30, 2025 and December 31, 2024, the amount of cash in banks, cash equivalents, trade receivables and accrued interest receivable are neither past due nor impaired and were classified as "High Grade". High grade financial assets are those accounts with counterparties who are not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.

Security. The Group does not hold collateral as security.

Impairment. Impairment analysis for trade receivables is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for the Group based on customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if collection cannot be made despite exhausting all extra-judicial and legal means of collection.

There are no guarantees against trade receivables but these are due from credit card companies and creditworthy third parties, and are generally collectible within three (3) to thirty (30) days from transaction date. Historical information and present circumstances do not indicate any significant risk of impairment. Thus, management did not recognize allowance for ECL.

For other financial assets at amortized cost which mainly comprise of cash in banks, cash equivalents and accrued interest receivable, the Group applies the general approach in measuring

ECL. Management assessed that the application of the general approach does not result to significant expected credit losses and thus, did not recognize allowance for ECL.

The Group assessed that the credit risk on the financial assets has not increased significantly since initial recognition because cash in banks, cash equivalents and accrued interest receivable are deposited with reputable counterparty banks, which exhibit good credit ratings.

The following table summarizes the impairment analysis of the Group's financial assets at amortized cost. It indicates whether the financial assets at amortized cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

June 30, 2025 (Unaudited)				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash in banks and cash equivalents	₱817,665,879	-	-	₱817,665,879
Trade receivables	-	₱298,971,421	-	298,971,421
	₱817,665,879	₱298,971,421	-	₱1,116,637,300

December 31, 2024 (Audited)				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash in banks	₱886,738,609	-	-	₱886,738,609
Trade receivables	-	₱284,735,673	-	284,735,673
Accrued interest receivable	2,074,167	-	-	2,074,167
	₱888,812,776	₱284,735,673	-	₱1,173,548,449

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables below detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

June 30, 2025 (Unaudited)				
	1 to 6 Months	6 Months to 1 Year	More than 1 Year	Total
Trade and other payables*	₱1,464,985,607	₱8,091,081	₱-	₱1,473,076,688
Bank loans and trust receipts payable	1,180,006,484	1,416,666,667	-	2,596,673,151
Lease liabilities	163,208,975	78,525,577	74,570,869	316,305,421
	₱2,808,201,066	₱1,503,283,325	₱74,570,869	₱4,386,055,259

*Excluding statutory and other payables.

	December 31, 2024 (Audited)			
	1 to 6 Months	6 Months to 1 Year	More than 1 Year	Total
Trade and other payables*	₱1,156,367,107	₱5,678,831	₱—	₱1,162,045,938
Bank loans and trust receipts payable	1,286,290,982	1,216,666,667	—	2,502,957,649
Lease liabilities	178,011,796	140,371,731	99,431,282	417,814,809
	₱2,620,669,885	₱1,362,717,229	₱99,431,282	₱4,082,818,396

*Excluding statutory and other payables.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Group's bank loans and trust receipts payable to local banks are subject to a repricing interest rate with and are exposed to fair value interest rate risk. The repricing of these instruments is done on a semiannual basis.

The Group regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as future interest rate changes are not expected to significantly affect the Group's net income.

These bank loans and trust receipts are promissory notes under loan facilities which mature within 90 days to one year as at June 30, 2025 and December 31, 2024, and bear an effective interest rate ranging from 5.63% to 8.00% as at June 30, 2025.

2.8 AGING ANALYSIS OF TRADE AND OTHER RECEIVABLES

The tables below detail the Group's aging analysis of trade and other receivables.

	June 30, 2025 (Unaudited)						
	Past Due						
	Total	Current	0-30 days	31-60 days	61-90 days	91-120 days	More than 120 days
Trade	₱298,971,421	₱298,971,421	₱—	₱—	₱—	₱—	₱—
Advances to:							
Stockholder	31,791,848	31,791,848	—	—	—	—	—
Officers and employees	4,754,437	4,754,437	—	—	—	—	—
Suppliers	2,039,987	2,039,987	—	—	—	—	—
Accrued interest receivable	—	—	—	—	—	—	—
	₱337,557,693	₱337,557,693	₱—	₱—	₱—	₱—	₱—

	December 31, 2024 (Audited)						
	Past Due						
	Total	Current	0-30 days	31-60 days	61-90 days	91-120 days	More than 120 days
Trade	₱284,735,673	₱284,735,673	₱—	₱—	₱—	₱—	₱—
Advances to:							
Stockholder	31,791,848	31,791,848	—	—	—	—	—
Suppliers	3,033,601	3,033,601	—	—	—	—	—
Officers and employees	2,001,418	2,001,418	—	—	—	—	—
Accrued interest receivable	2,074,167	2,074,167	—	—	—	—	—
	₱323,636,707	₱323,636,707	₱—	₱—	₱—	₱—	₱—

PART II - OTHER INFORMATION

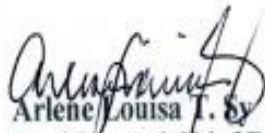
There are no other information not previously reported in SEC Form 17-C that needs to be reported in this section.

SIGNATURES

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

Registrant: **UPSON INTERNATIONAL CORP. (Doing Business under the Name and Style of Octagon Computer Superstore; Microvalley Computer Superstore; Gadget World; Octagon Mobile; Uniso; Gadget King and Lamp Light)**

By:



Arlene/Louisa T. Sy
President and Chief Executive Officer



Marcos A. Legaspi
Chief Finance Officer