CR02588-2026

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
   Dec 31, 2025
2. SEC 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.
5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   Unit 2308, 23/F Capital House Tower 1, 9th Avenue corner 34th Street, Bonifacio Global City, Taguig City
   Postal Code
   1635
8. Issuer's telephone number, including area code
   +632 8526 7152
9. Former name or former address, and former fiscal year, if changed since last report
   -
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	3,125,001,300

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (●) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange, Inc. / Common Shares
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

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

Yes No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

-

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

-

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

-

Upson International Corp.

UPSON

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2025
Currency	PhP

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Current Assets	6,417,055,143	5,862,284,849
Total Assets	8,122,705,944	7,282,637,656
Current Liabilities	4,660,621,231	4,028,890,309
Total Liabilities	4,799,014,808	4,175,174,709
Retained Earnings/(Deficit)	1,382,537,153	1,171,188,419
Stockholders' Equity	3,323,691,136	3,107,462,947
Stockholders' Equity - Parent	3,306,441,762	3,094,007,831
Book Value Per Share	1.06	0.99

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Gross Revenue	12,917,708,126	11,435,255,269
Gross Expense	12,559,093,575	10,987,430,253
Non-Operating Income	382,583,859	341,307,910
Non-Operating Expense	189,621,495	152,538,293
Income/(Loss) Before Tax	551,576,915	636,594,633
Income Tax Expense	148,933,845	154,962,749
Net Income/(Loss) After Tax	402,643,070	481,631,884
Net Income/(Loss) Attributable to Parent Equity Holder	398,848,812	480,176,768
Earnings/(Loss) Per Share (Basic)	0.13	0.15
Earnings/(Loss) Per Share (Diluted)	0.13	0.15

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2025	Dec 31, 2024
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.38	1.46
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.29	0.52
Solvency Ratio	**Total Assets / Total Liabilities**	0.18	0.21
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.59	0.57
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	1.44	1.34
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	3.91	5.16

Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	2.44	2.34
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.21	0.21
Net Profit Margin	Net Profit / Sales	0.03	0.04
Return on Assets	Net Income / Total Assets	0.05	0.07
Return on Equity	Net Income / Total Stockholders' Equity	0.12	0.15
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	5.54	1.25

Other Relevant Information
-

Filed on behalf by:

Name	Darwin Mendoza
Designation	Compliance Officer

COVER SHEET

A	S	-	9	5	0	0	3	8	3	6

S.E.C Registration No.

UPSON INTERNATIONAL CORP. (DOING BUSINESS UNDER THE NAME AND STYLE OF OCTAGON COMPUTER SUPERSTORE; MICRO VALLEY COMPUTER SUPERSTORE GADGET WORLD; OCTAGON MOBILE UNISO; GADGET KING; AND LAMP LIGHT)

(Company's Full name)

UNIT 2308, 23/F CAPITAL HOUSE TOWER 1, 9TH AVENUE CORNER 34TH STREET BONIFACIO GLOBAL CITY, TAGUIG CITY

(Principal Office)

Dennis F. Uy	(02) 85267152
Contact Person	Tel. No.

1 2	3 1	1 7 - A	0 5	2 5
Month Date	Day	FORM TYPE	Month (Annual Meeting)	

For the year ended 31 December 2025

N/A
Secondary License, (if applicable type)

CRMD
Dept. requiring this doc

N/A
Amended Articles number

9
Total stockholders (certificated)

Domestic **Foreign**

To be accomplished by SEC personnel concerned

File Number **LCU**

Document I.D. **Cashier**

STAMPS

SEC Number: AS-95003836

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

(Company's Full Name)

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

(Company's Address)

(02) 85267152

(Telephone Number)

2025 December 31

(Fiscal Year Ending, month and day)

SEC FORM 17-A Annual Report

(Form Type)

Amendment Delegation

December 31, 2025

Period Ended Date

N/A

(Secondary License Type and File)

SECURITIES AND EXCHANGE COMMISSION SEC
FORM 17-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17

OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE

CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended .... December 31, 2025

2. SEC Identification Number.. AS-95003836

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. Manila City, Philippines.. Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only) Industry Classification Code:

7. Unit 2308, 23/F Capital House Tower 1, 9th Avenue corner 34th Street, Bonifacio Global City, Taguig City
Address of principal office Postal Code 1635

8. (02) 85267152...
Issuer's telephone number, including area code

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 SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES	3,125,001,300

11. Are any or all of these securities listed on a Stock Exchange.

Yes [√] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE – COMMON SHARES

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [√] No [ ]

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

Yes [√] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

Not Applicable

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

NOT APPLICABLE

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Consolidated Audited Financial Statements as at and For the Years Ended December 31, 2025 and 2024, and Parent Company Financial Statements for the year ended December 31, 2023 - **Exhibit 1**

(b) Consolidated Statements of Management's Responsibility as at and For the Years Ended December 31, 2025 and 2024, and Parent Company for the year ended December 31, 2023, part of Exhibit 1.

(c) 2025 Sustainability Report – **Exhibit 2**

TABLE OF CONTENTS

PART I. BUSINESS AND GENERAL INFORMATION

Item 1. Business

Background

Upson International Corp. (also doing business as Octagon Computer Superstore, Microvalley Computer Superstore, Gadget World, Octagon Mobile, Uniso, Gadget King, and Lamp Light), together with its subsidiaries, comprises the Group. The Parent Company (Upson) was incorporated on April 19, 1995. Its subsidiaries, iStudio Technologies Philippines Corporation and Upson Global Inc., were incorporated on May 24, 2024 and July 10, 2024, respectively.

Upson is engaged in the wholesale and retail distribution of information technology products, including computer hardware, software, telecommunications equipment, and other electronic merchandise. It carries globally recognized brands such as Acer, Asus, Lenovo, Apple, HP, Dell, Brother, Epson, Sony, Samsung, and Sandisk, and serves a broad customer base that includes home users, small and medium enterprises, gamers, professionals, and students.

Upson products are sold through prime stores, concept stores, mobile stores, the Company website, and e-commerce and social commerce platforms such as Lazada, Shopee, and Tiktok. According to the University of Asia and the Pacific – Center for Research and Communication Foundation, Inc. (CRC), Upson is the largest mall-based consumer electronics retailer in the Philippines in terms of store network and sales. As of December 31, 2025, Upson operated 240 branches nationwide, consisting of 34 stand-alone stores and 206 mall-based stores. These are located across the National Capital Region, North Luzon, South Luzon, Visayas, North Mindanao, and South Mindanao.

Upson also operated eight warehouses as of December 31, 2025, located in Manila, Cebu, Cagayan de Oro, Davao City, Iloilo, and Cabanatuan.

Upson store formats include Octagon, the flagship brand offering a full range of hardware and software products; Microvalley, which focuses on do-it-yourself computer components, customized PCs, and gaming peripherals; Gadget King/Gadget World, which specializes in IT accessories and peripherals; and Octagon Mobile, which focuses on mobile phones, tablets, networking devices, and related accessories.

In May 2024, Upson incorporated iStudio Technologies Philippines Corporation (iStudio) with a 52% ownership interest amounting to ₱26.0 million. In July 2024, it incorporated Upson Global Inc. (UGI) with a 90% ownership interest. Upson subscribed to 90.0 million UGI shares at ₱1.0 par value, for a total subscription of ₱90.0 million, of which ₱50.0 million was paid.

iStudio is engaged in the wholesale and retail sale, distribution, and marketing of computer hardware, telecommunications equipment, and related products. As of December 31, 2025, it operated fifteen Apple stores under the iStudio Plus brand.

UGI is engaged in the wholesale and retail sale, distribution, franchising, and marketing of water filtration and purification devices and systems, household, commercial, and industrial appliances and equipment, telecommunications products, and similar goods.

Upson's registered office is located at Unit 2308, 23/F Capital House Tower 1, 9th Avenue corner 34th Street, Bonifacio Global City, Taguig City.

The Philippine Stock Exchange approved Upson's IPO application on January 27, 2023. On March 20, 2023, the SEC issued the permit to offer securities for sale covering 625,001,000 primary common shares and an over-allotment option of 62,500,000 secondary common shares at an offer price of ₱2.40 per share. The Company's shares were listed on the Main Board of the PSE on April 3, 2023.

For the year ended December 31, 2025, consolidated revenues increased by 12.96% to ₱12,917.7 million from ₱11,435.3 million in 2024. Consolidated net income declined by 16.4% to ₱402.6 million from ₱481.6 million in 2024, mainly due to higher personnel costs and merchant discount expenses.

History and Key Milestones

Upson was originally incorporated on April 19, 1995, as Proton Microsystems, Inc. and later changed its name to Upson International Corp., which was approved by the SEC on August 4, 2017.

It began as a distributor of global IT brands such as Logitech and Canon. Following the Asian Financial Crisis in 1997, the Company shifted from distribution to retailing. In 2003, it merged with former affiliate Columbia Computer International Corporation and opened 60 new stores within 18 months across Metro Manila and key cities including Cebu and Davao.

The first Octagon Computer Superstore opened in 2004, followed by Microvalley Computer Superstore in 2006 and Gadget King in 2019. The first Octagon store was opened in SM Megamall, the first Microvalley store in Greenhills Shopping Center, and the first Gadget King store in Iloilo.

In 2017, the Upson expanded its omnichannel strategy through its website, www.octagon.com.ph, and in 2020 it made its products available through third-party e-commerce platforms such as Lazada, Shopee, and Pick-a-roo. Beginning in 2021, it introduced Concept Stores dedicated to single brands, including Acer, HP, Brother, TP-Link, Lenovo, and Silvertec.

As of December 31, 2025, Upson had 240 branches nationwide and an active portfolio of more than 13,000 SKUs. It has also received numerous awards from long-standing suppliers, including Top Distributor, Dealer of the Year, Retail Partner of the Year, and Top National Sales.

Competitive Strengths

UPSON attributes its success to several key strengths:

First, it has built a fast-growing nationwide store network, expanding from 165 stores in 2018 to 240 stores in 2025. Over the same period, it achieved revenue CAGR of 6.43% and net income CAGR of 14.12%.

Second, it emphasizes the sale of authentic and untampered products, which supports customer trust, supplier confidence, and long-term brand credibility.

Third, it benefits from strong and well-recognized store brands such as Octagon, Microvalley, Gadget King/Gadget World, and Octagon Mobile, as well as exclusive branded products under Silvertec Global Philippines Inc., including Silvertec, Delta Force, Imperio, Akawa, Norgicool, Lorenzo, and JW Concept.

Fourth, it maintains a broad and regularly refreshed product portfolio. As of December 31, 2025, Upson carried more than 13,000 SKUs across nine major product categories: personal computers, printing, communication, storage, networking, peripherals, components, accessories, and software. Upson believes this breadth supports customer growth and strengthens financial performance.

In the past three years, Upson served more than 2 million customers annually and generated average monthly revenue of about ₱4.1 million per store. Revenue mix remained led by personal computers, followed by printing, communication, and accessories.

Item 2. Properties

Upson owns property in Pasong Tamo, Makati City. It also leases additional warehouse spaces from Upson Realty and Development Corporation, a related party, and from third parties. Over the next five years, the Upson plans to acquire more warehouse properties while continuing to lease facilities that meet its operational requirements.

As of December 31, 2025, Upson had also acquired warehouse properties in Naga, Dagupan, Cabanatuan, and Bacolod to strengthen regional presence and support growing customer demand.

Item 3. Legal Proceedings

Upson and its management are not involved in any governmental, legal, or arbitration proceedings that could materially affect the business, financial position, or profitability of the Company.

None of the members of the Board of Directors or executive officers are involved in any material criminal, bankruptcy, or insolvency investigations or proceedings.

Item 4. Submission of Matters to a Vote for Security Holders

No matters were submitted to the Company’s stockholders for vote during 2025, whether through proxy solicitation or otherwise.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Upson International Corp. was granted the Certificate to Offer Securities for Sale on March 20, 2023, by the Securities and Exchange Commission and listed on April 3, 2023, with the Main Board of the Philippine Stock Exchange under the Stock Symbol of "UPSON".

The market capitalization of the Company's common shares amounts to at ₱2.2 Billion.

Item 6. Management's Discussion and Analysis of Plan of Operations

The following discussion should be read in conjunction with the accompanying financial statements and notes thereto, which form part of this SEC Form Amended 17-A as "Exhibit 1". The financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

Results of Operations for the years ended December 31, 2025 and 2024

Key Highlights

The Group closed with a consolidated net income of ₱402.6 million for the twelve months ended December 31, 2025. This yielded a consolidated net income margin of 3.12% or a decrease of 1.09% compared to the reported consolidated net income of ₱481.6 million in 2024 at a net income margin of 4.21%.

Revenues

Consolidated net revenues reached ₱12,917.7 million for the twelve months ended December 31, 2025, increased by 12.96% from the revenues of ₱11,435.3 million in 2024. The Group has a net increase in store network from 250 to 255 in 2024 and 2025, respectively. This represents a 2.00% growth in store network expansion. Increase in revenues for 2025, also includes the revenues from a subsidiary iStudio, which contributed about ₱1,072.7 million in 2025 and ₱304 million in 2024.

Cost of Sales

For the year ended 2025, the consolidated cost of sales increased by 12.94% from the cost of sales of ₱9,070.6 million in 2024 to ₱10,244.2 million in 2025. The increase in cost of sales was mainly caused by the proportionate increase in volume of sales for the twelve months ended December 31, 2025, as compared with the twelve months in 2024.

Gross Profit

Consolidated gross profit amounted to ₱2,673.5 million for the year 2025, an increased by 13.06% from the gross profit of ₱2,364.6 million in the previous year. This yielded a corresponding gross profit margin of 20.70%.

Operating Expenses

For the twelve months ended December 31, 2025, consolidated operating expenses totaled ₱2,314.9 million, representing 17.92% cost-to-sales ratio. This is ₱398.1 million or 20.77% higher compared to the operating expenses of ₱1,916.8 million in 2024. Significant increase in operating expenses include personnel costs, merchant discount, and depreciation and amortization.

Finance Cost

For the twelve months ended December 31, 2025, consolidated finance cost reached ₱189.6 million, a 24.31% increase from the finance cost of ₱152.5 million for the twelve months ended December 31, 2024.

The increase was mainly caused by the increase in liabilities under trust receipts due to continued store expansion activities in 2025.

Other Income

Other income totaled ₱382.6 million and ₱341.3 million for the years ended December 31, 2025 and 2024. Other income includes product advertising and promotional support granted by suppliers. These are the suppliers' marketing initiatives and are recognized as income at a point in time or when the right to compensation is established.

Income Tax Expense

Consolidated provision for income tax closed at ₱148.9 million for the year ended December 31, 2025, decrease by ₱6.0 million or 3.89% from the provision for income tax of ₱155.0 million for the year ended December 31, 2024. The decrease was due to the income before tax from ₱636.6 million in 2024 against the income before tax of ₱551.6 million in 2025.

Net Income

Consolidated net income for the twelve months ended December 31, 2025, reached ₱402.6 million, a decrease of 16.4% or ₱79.0 million as compared to the net income of ₱481.6 million for the twelve months ended December 31, 2024. The decrease was attributable to the increase in operating costs in 2025.

Financial Condition

The consolidated total assets as at December 31, 2025 was ₱8,122.7 million, an increase of ₱840.1 million from the total assets of ₱7,282.6 million as at December 31, 2024.

Cash and cash equivalents

Consolidated cash and cash equivalents stood at ₱823.4 million as of December 31, 2025, a decrease of 7.4% than the balance of ₱889.4 million as of December 31, 2024. The decrease was due to total net cash outflows from use of IPO proceeds and purchases of warehouse properties.

Trade and other receivables

Consolidated trade and other receivables were lower at ₱285.6 million as at December 31, 2025, a decrease 11.75% from the amount of ₱323.6 million as of December 31, 2024. Trade receivables represent mainly outstanding receivables from credit card companies and other payment service providers. The decrease was due to the efficient collections of credit card receivables and incentive suppliers' rebates.

Inventories

As at December 31, 2025, consolidated inventories increased to ₱5,045.2 million from ₱4,478.9 million in 2024, an increase of 12.64% due to continuous store expansion activities in 2025.

Property and equipment

Consolidated property and equipment stood at ₱1,306.4 million as at December 31, 2025, an increase of 43.7% than the amount of ₱909.1 million as at December 31, 2024. The increase in property and equipment was caused by the net impact of the acquisition of warehouse properties and new additional stores opened in 2025, mainly leasehold improvements, construction of warehouses, store furniture and equipment and transportation equipment.

Trade and other payables

Trade and other payables increased by 1.35% for the year 2025 from ₱1,187.6 million to ₱1,203.6 million. The increase was due to the Company's expansion program.

Bank loans and trust receipts

Consolidated bank loans and trust receipts amounted to ₱3,267.7 million as at December 31, 2025, an increase of 30.55% from ₱2,503.0 million as at December 31, 2024. The increase was due to the additional inventory purchased because of the continuous Company's expansion program in 2025.

Equity

Consolidated total equity was higher at ₱3,323.7 million as at December 31, 2025, an increase of 6.96% from ₱3,107.5 million as at December 31, 2024. The increase represents the net comprehensive income for the year ended December 31, 2025.

Cash flows

Consolidated net cash provided in operating activities amounted to ₱465.9 million for the twelve months ended December 31, 2025, which consisted of income before tax of ₱551.6 million, increased by non-cash income and expense aggregating ₱675.2 million. Working capital changes which include increase in trade and other receivables, inventories, and other current assets, and decrease in trade and other payables amounted to ₱621.1 million inflows.

For the twelve months ended December 31, 2025, the consolidated net cash used in investing activities, which included the expenditures for the acquisition of warehouse properties, additional leasehold improvements, furniture and fixtures for the new stores and construction of warehouses amounted to ₱611.8 million.

Consolidated net cash provided by financing activities for the twelve months ended December 31, 2025 was ₱79.8 million, primarily through the combined effect of proceeds and payments of bank loans and trust receipts, arising from dividends, additions to lease liabilities and interest payments.

The consolidated net cash used for the year totaled ₱66.0 million, leading to consolidated cash balance of ₱823.4 million as at December 31, 2025.

Key Performance Indicators (KPIs) (Consolidated)

	For the year ended December 31	
	2025	2024
Gross Profit Margin	20.70%	20.75%
Net Income Margin	3.12%	4.21%
EBITDA (₱ thousands)	1,211,616	1,197,192
EBITDA Margin	9.38%	10.47%
Return on Average Assets	5.23%	7.13%
Returns of Average Equity	12.52%	16.30%
Current Ratio	1.38	1.46
Debt to Equity Ratio	1.44	1.34
Inventory Turnover (days)	170	158

1 Gross Profit Margin is gross profit as a percentage of revenues
2 Net Income Margin is net income as a percentage of revenues
3 EBITDA is defined as earnings before interest, tax, depreciation and amortization
4 EBITDA margin is EBITDA as a percentage of revenues
5 Return on Average Assets is net income as a percentage of the average of the assets as at year-end and assets as at end of the immediately preceding year
6 Return on Average Equity is net income as a percentage of the average of the equity as at year-end and equity as at end of the immediately preceding year
7 Current Ratio is current assets divided by current liabilities
8 Debt to Equity Ratio is total liabilities over total equity
9 Inventory Turnover (days) is average turnover divided by cost of goods sold multiplied by the number of days in the period covered (365 days for annual periods ended December 31,2024 and 2025)

Item 7. Financial Statements

The Company's and its subsidiaries consolidated financial statements and notes thereto form part of this SEC Form as "Exhibit 1"

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes or disagreements with the Company's external auditor, Reyes Tacandong & Co., on accounting and financial statement disclosure.

External Audit Fees

The aggregate fees billed by Reyes Tacandong & Co., ("RTCo.") for the audit of the financial statements of the Company and other services in connection with the statutory and regulatory filings for 2025 is ₱5,330,000.

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of Registrant

The following are the Directors and Officers of the Company for the year 2025:

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

THE BOARD AND SENIOR MANAGEMENT

Pursuant to our amended articles of incorporation, our Company's Board of Directors consists of ten (10) members, of whom two (2) are independent directors. The table below sets forth each member of our board of directors and senior management as of December 31, 2025.

Name	Age	Nationality	Position
Lawrence O. Lee	66	Filipino	Chairman of the Board
Arlene Louisa T. Sy	52	Filipino	President and Chief Executive Officer
Rolando O. Raval, Jr.	58	Filipino	Chief Operations Officer and Director
Marcos A. Legaspi	70	Filipino	Chief Finance Officer and Director
Anita Lim	60	Filipino	Treasurer
Dennis F. Uy	64	Filipino	Corporate Secretary
Ricardo A. Lee	65	Filipino	Director
William Lim	66	Filipino	Director
Anthony Thomas C. Roxas, Jr.	60	Filipino	Director and Head of Investor Relations
Chun Bing G. Uy	73	Filipino	Lead Independent Director
Raul M. Leopando	75	Filipino	Director
Jose Vicente C. Bengzon, III	68	Filipino	Independent Director

The business experience of each of our directors and executive officers is set out below.

Lawrence O. Lee, 66, Filipino, is the Chairman and former President (from 2012 to 2022) of UPSON. He is a seasoned entrepreneur with at least 35 years of retail experience. Mr. Lawrence Lee is concurrently the Chairman and President of Jendres Holdings, Inc., Upson Realty and Development Corporation, and URDC Realty and Development Corp., Director of Silvertec Global Philippines, Inc., President/Director of Lamp Light International Corporation, and Director of Transway Hotels Group Corp. He completed his Bachelor of Science degree major in Biology from the University of Santo Tomas.

Ricardo A. Lee, 65, Filipino, is currently a director and former Chairman of the Corporation from 1995 to 2021. Mr. Lee is also involved in other business undertakings and serves as President of Transway Hotels Group Corp., Chairman and President of Unitrust Investments Corporation, Director of Silvertec Global Philippines, Inc., Chairman of Lamp Light International Corporation, and director of Upson Realty and Development Corporation. He has been an entrepreneur for at least forty (40) years.

William Lim, 66, Filipino, has been a director of the Corporation since 1995. He was also the Corporation's Treasurer from 1995 to 2007. Mr. Lim is also the Chairman and President of Virdura Holdings, Inc., a director of Upson Realty and Development Corporation, Transway Hotels Group Corp., and Octagon International Marketing Corp. He received his Bachelor of Science Degree in Engineering major in Civil Engineering from the University of Mindanao. Mr. Lim has been an entrepreneur for at least forty (40) years.

Arlene Louisa T. Sy, 52, Filipino, is our President and Chief Executive Officer since 2022. Ms. Sy has been with the Corporation since 1995, serving various senior roles across product and category management, marketing and procurement planning, store management operations, and project management. She is concurrently a Director of Upson Global Inc. and iStudio Technologies Philippines Corp. Ms. Sy received her Bachelor of Science in Computer Science (Computer Hardware Specialization) degree from De La Salle University.

Rolando O. Raval, Jr., 58, Filipino, is our Chief Operations Officer, and was elected as Director in 2022. Engr. Raval joined the Corporation in 2002 and has served as our COO since 2006. He is responsible for the day-to-day management of our business and for developing work processes and tools for customer service excellence and for risk management. He completed his Bachelor of Science Major in Civil Engineering degree from the Ateneo de Davao University. Engr. Raval also holds a post-graduate diploma in Research and Development Management from the University of the Philippines.

Marcos A. Legaspi, 69, Filipino, is our Chief Finance Officer (CFO), and was elected as director in 2022. He is concurrently the Principal of M.A. Legaspi & Associates, and an AMLA Compliance Officer of ETC Realty Corporation. Prior to joining the Corporation in 2020, his 40-year career in finance included serving as CFO, management consultant, and external auditors across companies in the retail, manufacturing, telecommunications, real estate, and technology industries. He was also an auditor at Sycip Gorres Velayo & Co. earlier in his career. Mr. Legaspi holds a Bachelor of Science degree in Commerce with a Major in Accounting from the Polytechnic University of the Philippines. He is a Certified Public Accountant.

Anthony Thomas C. Roxas, Jr., 59, Filipino, is an Executive Director and the Investor Relations Head of the Corporation. Mr. Roxas has been a financial advisor to key members of the Board of Directors since 2016. Additionally, he assisted in the role of Investor Relations Officer until his official appointment as IR Head of the Corporation in 2025. Mr. Roxas has over 23 years of experience in banking, specializing in Investment Banking and Corporate Banking, through his tenure with First Metro Investment Corporation and Metrobank. Concurrently, he holds the position of Finance Director at Linkenergie Industries Company Inc. and serves as Finance Executive Director for Orion Group International and Quantity Solutions Inc. Mr. Roxas previously was the former Finance Executive Director at HMR Philippines and was Senior Management Advisor at Tapa King Inc. from 2016 to 2018. He earned his undergraduate degree in Economics from the University of Santo Tomas and pursued graduate studies at the Asian Institute of Management and the University of Asia and the Pacific.

Raul M. Leopando, 75, Filipino, is a Director of the Corporation since 2022. Mr. Leopando is also the Chairman of Seafront Resources Corporation, Director of Liberty Flour Mills, Inc., and an Independent Director of LT Group, Inc. He had been in Investment Banking for at least 46 years. Mr. Leopando was the President and CEO of RCBC Capital Corporation and concurrently the Chairman of the Board of RCBC Securities Corporation. He was likewise the Vice Chairman of the Board of RCBC Bankard Services Inc., Consultant to the Chairman of RCBC and YGC, Director of RCBC Capital, Maibarara Geothermal Energy Inc., Petrogreen Energy Corporation, and Seafront Resources Corporation until 2022. Mr. Leopando was a Senior Project Officer at First Metro Investment Corporation then later joined the Private Development Corporation of the Philippines as a Project Analyst and Manager. He also worked for the Philippine Pacific Capital Corporation (PPCC) where he rose from the ranks to become PPCC's President and CEO. Mr. Leopando was a three-term President of the Investment Houses Association of the Philippines. He also served as the Vice Chairman of the Capital Market Development Committee of FINEX and of the Capital Market Development Council. Mr. Leopando was also formerly a member of the Board of several listed companies, such as Polar Mining Corp, Fil Hispano Ceramics Corp., Roxas Holdings Inc., Charter Land, Paxy's Corp., Petro Energy Corporation, and Marcventures. He was accepted to attend the rigid full time International Stock and Bond Underwriting and Trading Course administered by the Nomura Research Institute in Tokyo, Japan.

Jose Vicente C. Bengzon III, 68, Filipino, has been an Independent Director of the Corporation since 2022. Mr. Bengzon is concurrently the Chairman (Non-executive Director) of Vitarich Corporation, the Vice Chairman of Commtrend Construction Corporation, and a regular Member of the Board of Directors of Malayan Savings Bank. Prior to his election as an Independent Director of the Corporation, he held various key positions for both public and private organization, such as, Chief Privatization Officer (rank of Undersecretary) for the Department of Finance, Rep of the Philippines, Privatization and Management Office, and Financial Planning and Project Manager for Reuters America, among others. He was also the President and Chief Executive Officer of Torres Trading Company, Inc., a Director and the Risk Oversight Committee Chairman of Rizal Microbank (RCBC Subsidiary), an Executive Director of Inception Technology Phils., Corp., and a Director of UPCC Holdings Corporation. Mr. Bengzon is a graduate of Bachelor of Arts degree, major in economics and Bachelor of Science in Commerce, major in accounting from De La Salle

University. Mr. Bengzon also took a Master's in Business Administration from J.L. Kellogg School of Management Northwestern University.

Chun Bing G. Uy, 73, Filipino, is an independent director of the Corporation since 2022, and was appointed as Lead Independent Director in 2024. Mr. Chun Bing Uy is concurrently a consultant and Senior Advisor of Corporate Banking Group of Rizal Commercial Banking Corporation, and a Director of Seafront Resources Corporation. He was previously the Senior Executive Vice President and Group Head of the Corporate Banking Group (1997-2012) primarily responsible for all the corporate lending activities of the bank covering the conglomerates, local corporates, Japanese and global locators, SME and the Chinese banking segment. In addition, he is also the Chairman of Nippon Express Phils Corporation, the Chairman and President of FBIA Insurance Agency, and a director of Luisita Industrial Park Corporation. He was also a past director of RCBC Savings Bank Corporation (2015-2016), an independent director of Discovery World Corporation (2015-2018) and of Liwayway (Global) Company, Ltd., a company to be listed in the HK Stock Exchange covering the operations of Liwayway Oishi in China and Vietnam (2019-2021), and an executive director of Strategic Equities Corporation (formerly Kim Eng Securities, Inc) (1996-2025). Mr. Chun Bing Uy holds a Bachelor of Science degree in Management Engineering, Cum Laude, in Ateneo de Manila University.

Dennis F. Uy, 64, Filipino, Filipino, has been our Corporate Secretary since 1996. He is also the Chairman of Panpan Print Corp., and the Corporate Secretary of various companies, including Silvertec Global Philippines Inc., Upson Realty Development Corporation, Lamp Light International Corporation, and Octagon International Marketing. Mr. Dennis Uy was a Manager for Maximax Office Automation from 1987 to 1995, Sales Executive for Automatic Center from 1985 to 1986, and Manager for Shikaina Drug Store from 1984 to 1985. He graduated from the Philippine School of Business Administration with a degree of Bachelor of Science in Business Administration – Marketing.

Anita Lim, 60, Filipino, is the Treasurer of the Corporation since 2007. Prior to her appointment, she was with Upson Int'l Import and Export. Ms. Lim also served as an Executive Director of the Corporation. Ms. Lim has a Bachelor of Science Degree in Management from Centro Escolar University.

Significant Employees

The Company does not believe that its business is dependent on the services of any employee.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this report: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time, (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses, (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Item 10. Executive Compensation Summary of Compensation Table

EXECUTIVE COMPENSATION TABLE

Compensation

The following table sets out our President, and the four most highly compensated executive officers for the period ended December 31, 2025:

Name	Position
Lawrence O. Lee	Chairman of the Board/Director
Anita Lim	Treasurer
Rolando O. Raval, Jr.	Chief Operations Officer / Director
Arlene Louisa T. Sy	President and Chief Executive Officer/Director
Marcos A. Legaspi	Chief Finance Officer/Director

The following table identifies and summarizes the aggregate compensation of our President and the four most highly compensated executive officers, as well as the aggregate compensation paid to all other directors and all other officers as a group, for the years ended December 31, 2025, 2024, and 2023:

	Year	Salary (in Php)	Bonus	Other annual compensation
Chairman, President and the three most highly compensated executive officers named above				
	2023	10,279,023	N/A	N/A
	2024	10,420,700	N/A	N/A
	2025	11,252,030	N/A	N/A
Aggregate compensation paid to all other directors and all other officers as a group				
	2023	24,993,868	N/A	N/A
	2024	23,034,668	N/A	N/A
	2025	26,804,411	N/A	N/A

Standard Arrangements

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as directors and for their committee participation or special assignments.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly, for any service provided as a director.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain records and beneficial owners holding more than 5% of the company's voting securities as of date of this report.

The following table sets out our shareholders of more than 5% of our Company's voting securities and their respective shareholdings and corresponding percentage ownership as of December 31, 2025, as provided by our Transfer Agent:

Title of Class	Name and address of record owners and relationship with the Company	Name of beneficial owner and relationship with record owner	Citizenship	% of total of outstanding shares
Common	**Jendres Holdings, Inc**. 1504 B Gotesco Regency Twin Towers Condominium, 1129 Natividad Lopez Street, Ermita, Manila *Stockholder*	Lawrence O. Lee Stockholder	Filipino	17.20
Common	**Ricardo A. Lee** *Stockholder and Director*	-	Filipino	14.27
Common	**William Lim** *Stockholder and Director*	-	Filipino	11.41
Common	**Virdura Holdings, Inc.** Gotesco Regency Twin Tower B 1129 Natividad Lopez Street, Ermita, Manila *Stockholder*	William Lim Stockholder	Filipino	10.00
Common	**Unitrust Investments Corporation** 2202 Gotesco Tower B Condominium Concepcion, Ermita, Manila *Stockholder*	Ricardo A. Lee Stockholder	Filipino	10.00
Common	**PCD Nominee Corporation** **Non Filipino** *Stockholder*	Various	Non Filipino	16.97
Common	**PCD Nominee Corporation** **Filipino** *Stockholder*	Various	Filipino	17.29

Security ownership of management as of December 31, 2025:

Title of Class	Name and address of record owners and relationship with the Company	Position	Amount and Nature of Beneficial Ownership	% of total of outstanding shares
Common	**Anita Lim** Treasurer	Treasurer	162,500,973 Direct and Indirect	5.2
Common	**Arlene Louisa T. Sy** President and Chief Executive Officer	Chief Executive Officer and President	1,100 Indirect	0.00
Common	**Rolando O. Raval, Jr.** Director and Chief Operations Officer	Chief Operations Officer	1,100 Indirect	0.00
Common	**Marcos A. Legaspi** Director and Chief Finance Officer	Chief Finance Officer	13,100 Indirect	0.00

Common	**Anthony Thomas C. Roxas, Jr.** Director and Head of Investor Relations	Head of Investor Relations	496,100 Indirect	0.02
Common	**Dennis F. Uy** Corporate Secretary	Corporate Secretary	1,000 Indirect	0.00

VOTING TRUST HOLDERS OF 5% OR MORE
There were no voting trust agreements.

CHANGES IN CONTROL

There were no arrangements which may result in a change in control.

Item 12. Certain Relationships and Related Transactions

The Company, in the ordinary course of business, engages in rental transactions with a related party, Upson Realty and Development Corporation.

For a detailed discussion of the material related party transactions of the Company, please see Note 14 - Related Party Transactions and Balances of the attached Audited Financial Statements of the Company.

PART IV. EXHIBITS AND SCHEDULES

Exhibit 1 – Consolidated Audited Financial Statements as at and for the years ended December 31, 2025 and 2024 and the Parent Company financial statements for the year ended December 31, 2023.

Exhibit 2 – Sustainability Report

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this Report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila on February 26, 2026.

Arlene Louisa T. Sy
President and Chief Executive Officer

Rolando O. Raval, Jr.
Chief Operations Officer

Marcos A. Legaspi
Chief Finance Officer

Dennis F. Uy
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 10 APR 2026 in Manila City affiants exhibiting to their TIN, as follows:

NAME	TIN	DATE OF ISSUE	PLACE OF ISSUE
Arlene Louisa T. Sy			
Rolando O. Raval, Jr.			
Marcos A. Legaspi			
Dennis F. Uy			

GERSON B. GAMAS
Notary Public City of Manila
Notary Public
Notarial Commission No Valid Until Dec. 31, 2026
2nd Floor, Citadel Bldg., Railroad Drive, Brgy. 653, District V,
Port Area, 1018, Manila, Metro Manila
Roll No
IBP No. ; 12-26-2025 until 12-31-26
PTR No. 1-05-2026; until 12-31-26 City of Manila
MCLE Compliance No. Valid Until April 14, 2028

Doc. No. 194;
Page No. 17;
Book No. VI;
Series of 2026.

Janice

From: eafs@bir.gov.ph
Sent: Monday,April 13 2026 6:22 pm
To: JANICE@OCTAGON.COM.PH
Cc: JANICE@OCTAGON.COM.PH
Subject: Your BIR AFS eSubmission uploads were received

Hi UPSON INTERNATIONAL CORP.,

Valid files

- EAFS004780008RPTTY122025.pdf
- EAFS004780008OTHTY122025.pdf
- EAFS004780008ITRTY122025.pdf
- EAFS004780008AFSTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-FC9J7DK0NZYWVNQ2M1XTRWM103X1S4S2S**
Submission Date/Time: **Apr 13, 2026 06:22 PM**
Company TIN: **004-780-008**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

AS95003836

COMPANY NAME

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)

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

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

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
d_uy@octagon.com.ph	(02) 8526-7152	0920 960 9377

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
9	May 25	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Anita Lim	a_lim@octagon.com.ph	(02) 8526-7152	-

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.*

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Upson International Corp.
Unit 2308, 23/F Capital House Tower 1
9th Avenue corner 34th Street
Bonifacio Global City, Taguig City

Opinion

We have audited the accompanying separate financial statements of 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 Company), which comprise the separate statements of financial position as at December 31, 2025 and 2024, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to the separate financial statements, including a summary of material accounting policy information.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of financial statements of public interest entities in the Philippines. We have also 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 Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REYES TACANDONG & CO.

DARRYLL REESE Q. SALANGAD
Partner
CPA Certificate No.
Tax Identification No.
BOA Accreditation No. Valid until June 6, 2026
SEC Accreditation No. Group A
Issued October 2, 2025
Valid for Financial Period 2029
BIR Accreditation No.
Valid until January 16, 2028
PTR No.
Issued January 2, 2026, Makati City

February 26, 2026
Makati City, Metro Manila

UPSON International Corp.

**STATEMENT OF MANAGEMENT'S RESPONSIBIILITY
FOR FINANCIAL STATEMENTS**

The management of **UPSON International Corp.** (the Company) is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Lawrence Ong Lee
Chairman of the Board

Arlene Louisa T. Sy
President and Chief Executive Officer

Marcos A. Legaspi
Chief Financial Officer

Signed this 26th day of February 2026

SUBSCRIBED AND SWORN
TO BEFORE ME THIS 26 FEB 2026
AT MANILA

Doc. No. 180
Page No. 36
Book No. VI
Series of 2026

GERSON B. GAMAS
Notary Public for the City of Manila
Notarial Commission No. Valid Until Dec. 31, 2026
2nd Floor, Citadel Bldg., Railroad Drive, Brgy. 653, District V,
Port Area, 1018, Manila, Metro Manila
Roll No.
IBP No. 12-26-2025 until 12-31-26
PTR No. 01-05-2026; until 12-31-26 City of Manila
MCLE Compliance No. Valid Until April 14, 2028

UPSON International Corp.

STATEMENT OF MANAGEMENT'S RESPONSIBIILITY
FOR ANNUAL INCOME TAX RETURNS

The Management of Upson International Corp. is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2025, and the accompanying Annual Income Tax Return are in accordance with the books and records of Upson International Corp. complete and correct in all material respects. Management likewise affirms that:

(a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) Upson International Corp. has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Lawrence Ong Lee
Chairman of the Board

Arlene Louisa T. Sy
President and Chief Executive Officer

Marcos A. Legaspi
Chief Financial Officer

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)

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2025**	2024
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱697,054,908**	₱803,853,994
Trade and other receivables	5	**250,629,216**	249,374,354
Merchandise inventories	6	**4,828,726,997**	4,287,010,478
Other current assets	7	**249,530,521**	165,641,313
Total Current Assets		**6,025,941,642**	5,505,880,139
Noncurrent Assets			
Investments in subsidiaries	9	**115,999,995**	115,999,995
Property and equipment	8	**1,258,390,031**	891,895,708
Right-of-use (ROU) assets	17	**236,575,160**	412,715,964
Net deferred tax assets	18	**24,062,994**	17,889,901
Other noncurrent assets	7	**122,219,972**	77,828,402
Total Noncurrent Assets		**1,757,248,152**	1,516,329,970
		₱7,783,189,794	₱7,022,210,109
LIABILITIES AND EQUITY			
Current Liabilities			
Bank loans and trust receipts payable	11	**₱3,267,702,189**	₱2,502,957,649
Trade and other payables	10	**898,943,889**	943,395,942
Current portion of lease liabilities	17	**133,132,162**	299,800,547
Income tax payable		**43,226,038**	35,536,691
Total Current Liabilities		**4,343,004,278**	3,781,690,829
Noncurrent Liabilities			
Lease liabilities - net of current portion	17	**77,149,214**	96,555,008
Retirement liability	16	**53,907,456**	48,621,746
Total Noncurrent Liabilities		**131,056,670**	145,176,754
Total Liabilities		**4,474,060,948**	3,926,867,583
Equity			
Capital stock	12	**625,000,260**	625,000,260
Additional paid-in capital	12	**1,305,308,048**	1,305,308,048
Retained earnings	12	**1,385,224,237**	1,172,523,114
Accumulated remeasurement losses on retirement liability	16	**(6,403,699)**	(7,488,896)
Total Equity		**3,309,128,846**	3,095,342,526
		₱7,783,189,794	₱7,022,210,109

See accompanying Notes to Separate Financial Statements.

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)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2025**	2024	2023
NET SALES		**₱11,833,673,190**	₱11,131,422,392	₱10,010,358,499
COST OF SALES	6	**(9,290,844,937)**	(8,797,391,226)	(7,935,894,845)
GROSS INCOME		**2,542,828,253**	2,334,031,166	2,074,463,654
OPERATING EXPENSES	13	**(2,193,032,984)**	(1,887,652,242)	(1,673,064,053)
FINANCE COSTS	11	**(188,896,445)**	(152,435,977)	(123,495,021)
OTHER INCOME	14	**382,874,256**	341,302,343	306,082,355
INCOME BEFORE INCOME TAX		**543,773,080**	635,245,290	583,986,935
PROVISION FOR (BENEFIT FROM) INCOME TAX	18			
Current		**150,106,705**	152,338,094	117,606,658
Deferred		**(6,534,826)**	1,395,733	2,189,459
		143,571,879	153,733,827	119,796,117
NET INCOME		**400,201,201**	481,511,463	464,190,818
OTHER COMPREHENSIVE INCOME (LOSS)				
Items not to be reclassified to profit or loss in subsequent periods -				
Remeasurement gain (loss) on retirement liability - net of deferred income tax	16	**1,085,197**	(674,191)	(2,559,921)
TOTAL COMPREHENSIVE INCOME		**₱401,286,398**	₱480,837,272	₱461,630,897
BASIC/DILUTED EARNINGS PER SHARE	23	**₱0.13**	₱0.15	₱0.16

See accompanying Notes to Separate Financial Statements.

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)

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2025	2024	2023
CAPITAL STOCK	12			
Balance at beginning of year		**₱625,000,260**	₱625,000,260	₱500,000,060
Issuance		**–**	–	125,000,200
Balance at end of year		**625,000,260**	625,000,260	625,000,260
ADDITIONAL PAID-IN CAPITAL	12	**1,305,308,048**	1,305,308,048	1,305,308,048
RETAINED EARNINGS	12			
APPROPRIATED FOR CAPITAL EXPENDITURES				
Balance at beginning of year		**–**	78,000,000	–
Appropriations (reversal) during the year		**–**	(78,000,000)	78,000,000
Balance at end of year		**–**	–	78,000,000
UNAPPROPRIATED				
Balance at beginning of year		**1,172,523,114**	800,511,729	552,320,968
Net income		**400,201,201**	481,511,463	464,190,818
Cash dividends		**(187,500,078)**	(187,500,078)	(138,000,057)
Reversal of appropriation		**–**	78,000,000	–
Appropriation		**–**	–	(78,000,000)
Balance at end of year		**1,385,224,237**	1,172,523,114	800,511,729
		1,385,224,237	1,172,523,114	878,511,729
ACCUMULATED REMEASUREMENT LOSSES ON RETIREMENT LIABILITY	16			
Balance at beginning of year		**(7,488,896)**	(6,814,705)	(4,254,784)
Remeasurement gain (loss) - net of deferred income tax		**1,085,197**	(674,191)	(2,559,921)
Balance at end of year		**(6,403,699)**	(7,488,896)	(6,814,705)
		₱3,309,128,846	₱3,095,342,526	₱2,802,005,332

See accompanying Notes to Separate Financial Statements.

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)

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2025**	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱543,773,080**	₱635,245,290	₱583,986,935
Adjustments for:				
Depreciation and amortization	8	**457,637,222**	406,171,939	309,075,012
Finance costs	11	**188,896,445**	152,435,977	123,495,021
Provision for inventory obsolescence	6	**29,340,039**	7,645,875	2,916,376
Gain on lease modification	17	**(17,055,761)**	(70,171)	(102,070)
Retirement expense	16	**6,732,640**	5,851,832	5,018,956
Interest income	4	**(3,707,466)**	(27,079,977)	(46,811,084)
Operating income before working capital changes		**1,205,616,199**	1,180,200,765	977,579,146
Decrease in:				
Trade and other receivables		**(3,329,029)**	(75,500,565)	(108,765,398)
Merchandise inventories		**(571,056,558)**	(943,830,669)	(687,182,591)
Other assets		**(62,824,707)**	(23,515,751)	(25,182,984)
Increase (decrease) in trade and other payables		**(50,061,822)**	(417,380,713)	61,572,017
Net cash generated from (used for) operations		**518,344,083**	(280,026,933)	218,020,190
Income taxes paid		**(142,417,358)**	(133,977,392)	(187,146,870)
Interest received		**5,781,633**	34,263,892	37,553,002
Net cash provided by (used in) operating activities		**381,708,358**	(379,740,433)	68,426,322
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	8	**(481,062,935)**	(176,308,352)	(219,496,536)
Investments in subsidiaries	9	**–**	(76,000,000)	–
Advances for property acquisition	7	**(95,000,000)**	–	–
Cash used in investing activities		**(576,062,935)**	(252,308,352)	(219,496,536)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Bank loans and trust receipts availments	11	**4,159,268,701**	2,883,052,863	2,611,018,632
Issuance of capital stock	12	**–**	–	1,430,308,248
Payments of:				
Bank loans and trust receipts	11	**(3,394,524,161)**	(2,147,709,079)	(2,578,049,580)
Lease liabilities	17	**(325,814,973)**	(338,228,111)	(220,119,782)
Dividends	22	**(187,500,078)**	(187,500,078)	(413,306,057)
Interest		**(163,873,998)**	(134,586,318)	(119,320,548)
Net cash provided by financing activities		**87,555,491**	75,029,277	710,530,913
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(106,799,086)**	(557,019,508)	559,460,699
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**803,853,994**	1,360,873,502	801,412,803
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**₱697,054,908**	₱803,853,994	₱1,360,873,502

		Years Ended December 31		
	Note	**2025**	2024	2023
NONCASH FINANCIAL INFORMATION				
Additions and modifications to ROU assets	17	**(₱166,927,806)**	(₱430,586,994)	(₱232,540,827)
Additions and modifications to lease liabilities	17	**120,328,116**	430,431,323	230,344,503
Capitalized borrowing costs	8	**–**	9,042,488	11,074,116

See accompanying Notes to Separate Financial Statements.

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

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 "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on April 19, 1995. The Company 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 Company's common shares were listed for trading in the Philippine Stock Exchange on April 3, 2023 (see Note 12).

The Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines which took effect on February 23, 2019, the Company has a perpetual corporate life.

On May 24, 2024, the Company incorporated iStudio Technologies Philippines Corporation (iStudio) with 52% ownership amounting to ₱26.0 million. On July 10, 2024, the Parent Company incorporated Upson Global Inc. (UGI) with 90% ownership amounting to ₱90.0 million (see Note 9).

iStudio 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.

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.

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

Approval of Separate Financial Statements

The separate financial statements of the Company as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023 were approved and authorized for issuance by the Company's BOD on February 26, 2026, as approved and endorsed by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

The material accounting policies used in the preparation of the separate financial statements are consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance

The separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. 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 (Philippine FSRSC) and adopted by the SEC, including SEC pronouncements.

The Company also prepares and issues consolidated financial statements for the same years in accordance with PFRS Accounting Standards. The consolidated financial statements are available for public use and can be obtained in the registered office address of the Company and the SEC.

Measurement Bases

The separate financial statements are presented in Philippine Peso (Peso), which is the Company's functional currency. All values are rounded to nearest Peso, unless otherwise indicated.

The separate financial statements have been prepared on a historical cost basis, except for lease liabilities and retirement liability which are measured at present value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability. 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values of financial assets and liabilities are disclosed in Note 20.

Adoption of Amendments to PFRS Accounting Standards

The material accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability,* effective for annual periods beginning on or after January 1, 2025.

The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

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

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the separate 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 amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

  - Amendments to PFRS 7 – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.

  - Amendments to PFRS 9 – 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 apply to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

- Amendments to PFRS 10, *Consolidated Financial Statements* – The amendments clarify that when the investor considers its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns is only an example in which judgement is required to determine whether a party is acting as a de facto agent.

- Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures* – This standard is a voluntary standard which permits simplified disclosure requirements for eligible subsidiaries applying PFRS Accounting Standards. An entity is eligible to apply PFRS 19 when it does not have public accountability and its parent produces consolidated financial statements available for public use that comply with PFRS Accounting Standards disclosure requirements. Earlier application is permitted.

Deferred effectivity –

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investment in Associates - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

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

Current and Noncurrent Classification
The Company presents assets and liabilities in the separate statements of financial position based on current and noncurrent classification.

An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. The Company classifies all other assets and liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. 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). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at December 2025 and 2024, the Company does not have financial assets at FVPL and FVOCI, and financial liabilities at FVPL.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL), if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Company's cash in banks, cash equivalents, trade receivables, advances to subsidiaries and accrued interest receivable are classified under this category.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and which are subject to an insignificant risk of changes in value.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2025 and 2024, the Company's trade and other payables (excluding statutory payables), bank loans and trust receipts payable, and lease liabilities are classified under this category.

Impairment of Financial Assets
The Company recognizes an allowance for ECL on its financial assets at amortized cost.

Trade Receivables. The Company recognizes lifetime ECL which are estimated using a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors, general economic condition and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments at Amortized Cost. The Company measures the ECL on its other financial assets at amortized cost based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Reclassification
The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the continuing involvement of the Company in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability. Net fees shall include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the separate statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount is reported in the separate 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Merchandise inventories
Merchandise inventories are stated at the lower of cost and net realizable value (NRV). NRV represents the estimated selling price less all estimated costs to sell. Cost of merchandise inventories includes all costs of purchase and other costs incurred to bring the merchandise inventories to its present condition and location. Cost is determined using moving average method. In determining the estimated selling price less cost to sell, the Company considers any adjustment necessary for obsolescence.

When the NRV of the merchandise inventories is lower than the cost, the Company provides for an allowance for the decline in the value of the merchandise inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of merchandise inventories, arising from an increase in NRV, is recognized as a reduction in the amount of merchandise inventories recognized as expense in the year in which the reversal occurs.

Advances to Suppliers
Advances to suppliers consist of advance payments made to suppliers for the purchase of merchandise inventory. Advances to suppliers are measured at the amount of cash paid. Advances to suppliers are applied against billings upon receipt of merchandise inventory purchased.

Other Assets
Other assets include refundable lease deposits, prepayments and advances for property acquisition.

Refundable Lease Deposits. Refundable lease deposits pertain to deposits as required under the lease agreements to cover for repairs on damaged leased properties, which are refundable at the end of the lease term if unutilized. Refundable lease deposits are initially recorded at transaction cost and subsequently measured at cost less any impairment loss. Refundable lease deposits that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Advances for Property Acquisition. Advances for property acquisition represent amounts paid in advance for the acquisition of properties. Advances for property acquisition are measured at the amount of cash paid. Advances for property acquisition are classified as noncurrent assets and will be reclassified to property and equipment upon completion of the purchase transaction.

Prepayments. Prepayments represent expenses not yet incurred but paid in advance. Prepayments are apportioned over the period covered by the payment and charged to the appropriated account in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as noncurrent assets.

Property and Equipment
Land and buildings held for use in the supply of goods or for administrative purposes, transportation equipment and other items of property and equipment are stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditures relating to an item of property and equipment that has already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in profit or loss in the period in which those are incurred.

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes contractor fees and other construction costs; and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other items of property and equipment, commences when the assets are ready for their intended use.

Land is not depreciated and subsequently measured at cost less impairment loss, if any. Building and building improvements, leasehold improvements, store furniture and equipment, transportation equipment, and furniture and fixtures are subsequently measured at cost less accumulated depreciation, amortization and any impairment losses.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of property and equipment as follows:

	Number of Years
Building and building improvements	20-25
Leasehold improvements	3 years or the term of lease whichever is shorter
Store furniture and equipment	3-5
Transportation equipment	5
Furniture and fixtures	3

The estimated useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use and no further depreciation and amortization are credited or charged to operations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investments in Subsidiaries

The Company's investments in subsidiaries are carried in the separate statements of financial position at cost, less any impairment in value. A subsidiary is an entity in which the Company has control.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Control is presumed to exist when the Company holds between more than 50% percent of the voting power of another entity.

When the Company has less than majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangement; and
- the Company's voting rights and potential voting rights.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The investment is derecognized when it is sold or disposed of. Gains or losses arising from derecognition of an investment in subsidiaries are measured as the difference between the net proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that the nonfinancial assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The fair value less cost to sell is the amount obtainable from the sale of the asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset is written down to its recoverable amount. Any impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years.

Initial Public Offering (IPO) Costs
IPO costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties, among others. These transaction costs incurred in issuing the Company's own equity instruments during IPO, are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Capital Stock
Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital (APIC)
APIC represents the excess of proceeds or fair value of the consideration received over the par value of the shares issued net of directly attributable stock issuance costs.

Retained Earnings
Retained earnings represent the cumulative balance of the Company's results of operations, net of any dividend declaration.

Dividend Distribution
Dividend distribution to stockholders is deducted from retained earnings in the year the dividends are declared and approved.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) pertains to the accumulated remeasurement gain or loss on the Company's retirement liability arising from experience adjustments and changes in financial assumptions. Remeasurements of retirement liability, and the corresponding deferred tax component, are recognized immediately in OCI and presented as a separate line item within equity. These are not reclassified to profit or loss in subsequent periods.

Basic and Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year by the weighted average number of shares outstanding during the year, with retroactive adjustments for any stock dividends declared and share split. If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the separate financial statements are authorized for issue, the per share calculations for those and any prior period separate financial statements presented shall be based on the new number of shares.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Where the EPS effect of potential dilutive ordinary shares would be anti-dilutive, basic and diluted EPS are stated at the same amount.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time. The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent.

The Company has assessed that it acts as a principal in all of its revenue sources. Moreover, the Company generates its revenues from sale of goods which are recognized at a point in time.

Net Sales. Revenue is recognized upon delivery or pick up of goods and measured at the fair value of the consideration received or receivable, net of returns and trade discounts.

Other Income. Income is recognized when earned.

For revenue from other sources which are outside the scope of PFRS 15, *Revenue from Contract with Customers*, revenue is recognized as follows:

Interest Income. Interest income is recognized as the interest accrues using the effective interest method.

Rent Income. Rent income is recognized on a straight-line basis over the lease term.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in asset or an increase in liability has arisen that can be measured reliably.

Cost of Sales. Cost of sales is recognized as expense when the significant risk and rewards of ownership of the goods have passed to the buyer and the amount of cost can be measured reliably, which is normally upon transfer of goods to the buyer.

Operating Expenses. Operating expenses constitute costs of administering the business, and the costs of selling and marketing the merchandise inventories for sale. These are recognized in profit or loss as incurred.

Borrowing Costs

Borrowing costs consist of interest and other financing costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the development of the Company's projects that necessarily take a substantial period of time to get ready for its intended use are capitalized. Capitalization of borrowing costs commences when activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. All other borrowing costs are recognized as expense in the period these are incurred based on the effective interest method.

Leases

The Company assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and

ii. the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential lease component.

The Company as a Lessee. At the commencement date, the Company recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Company measures ROU assets at cost. The cost comprises:

i. the amount of the initial measurement of lease liabilities;

ii. any lease payments made at or before the commencement date less any lease incentives received;

iii. any initial direct costs; and

iv. an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

The ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the lease terms ranging from more than one (1) year to three (3) years. The ROU assets are assessed for impairment at reporting date if there is any indication that the carrying amount will not be recovered through continued use.

Lease Liabilities. At commencement date, the Company measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of lease liabilities comprise the following:

i. fixed payments, including in-substance fixed payments;

ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

iii. amounts expected to be payable by the lessee under residual value guarantees; and

iv. the exercise price under a purchase option that the Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liabilities are remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

When a lease modification that is not accounted for as a separate lease becomes effective, the Company remeasures the lease liability using a revised discount rate. For modifications that decrease the scope of the lease, the Company decreases the carrying amount of the ROU asset to reflect the partial or full termination of the lease and recognizes any resulting gain or loss in profit or loss. For all other modifications, a corresponding adjustment is made to the ROU asset. If the carrying amount of the ROU asset is reduced to zero and there is a further reduction in the lease liability, the remaining amount is recognized in profit or loss.

The Company as a Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits

Short-term Benefits. The Company recognizes a liability for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Retirement Benefits. The Company has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement expense is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs and interest cost, in profit or loss. Interest cost is calculated by applying the discount rate to the retirement liability.

Remeasurements comprising actuarial gains and losses and any change in the effect of the asset ceiling (excluding interest on retirement liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability, which is the present value of the retirement liability on which the obligations are to be settled directly, is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Foreign Currency Transactions and Translation

Transactions in currencies other than Peso are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on retranslation are included in profit or loss for the year.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities. An entity is also related to the Company when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Transactions with related parties are accounted for at arm's length prices or terms similar to those offered to non-related entities in an economically comparable market.

Related party transactions are considered material and/or significant if, individually or in aggregate over a twelve (12)-month period with the same related party, these transactions amount to 10% or higher of the consolidated total assets.

Income Tax

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred 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.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

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

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively.

VAT

Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,

- receivables and payables that are stated with the amount of VAT included.

The amount of VAT payable to the taxation authority is presented as part of "Statutory payables" under "Trade and other payables" account in the separate statements of financial position.

Provisions

Provisions, if any, are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance costs. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingencies
Contingent liabilities and assets are not recognized in the separate financial statements. Contingent liabilities are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are disclosed in the notes to separate financial statements when inflows of economic benefits are probable.

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

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3. Significant Judgments, Accounting Estimates and Assumptions

In applying the Company's accounting policies, management is required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments
The critical judgments, apart from those involving estimations, that the management has made and that have the most significant effect on the amounts recognized in the separate financial statements are discussed below.

Classifying Financial Instruments. The Company classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Company's separate statements of financial position.

Determining Control over Investee Companies. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company has assessed that it has control over iStudio and UGI by virtue of its majority share in ownership representing 52% and 90%, respectively. The information about the investment in subsidiaries are disclosed in Note 9.

Classifying Lease Commitments - Company as a Lessor. The Company has entered into lease agreements for portion of its office space. Critical judgment was exercised by the Company to distinguish such lease agreements as operating or finance leases by looking at the transfer or retention of significant risk and rewards of ownership of the property covered by the agreements. The Company accounted for its lease agreements as operating leases.

The information on the Company's rent income in 2025 is disclosed in Note 17.

Classifying Lease Commitments - Company as a Lessee. The Company has entered into commercial property leases for its office, stores and warehouse spaces. For the Company's non-cancellable lease, the Company recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Company's incremental borrowing rate. The Company availed exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Assessing the Renewal Options of Lease Agreements. The Company's lease agreements contain renewal options that is exercisable upon the mutual agreement of the Company and the lessors. The Company makes an assessment, at the commencement of the lease, whether the renewal options will be considered by the Company in determining the lease term. As at December 31, 2025 and 2024, the Company has assessed that the renewal options of the lease agreements will not be considered in determining the lease term since the renewal options are required to be mutually agreed by the Company and the lessors.

Determining the Appropriate Discount Rate for Lease Payments. The Company's ROU assets and lease liabilities are initially measured at the present value of lease payments. In determining the appropriate discount rate, the Company considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings and the term of each lease commitment. The Company determined that the implicit rate in the lease agreements is not readily available. The Company used the incremental borrowing rate to determine the present value of ROU assets and lease liabilities.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimate at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

Assessing the ECL on Trade Receivables. The Company applies the simplified approach in measuring ECL on trade receivables which uses a lifetime ECL allowance using a provision matrix. Depending on the diversity of its debtor's base, the Company uses its historical credit loss experience adjusted for forward-looking factors, as applicable.

The Company has assessed that the ECL on trade receivables are not material as these pertain mainly to receivables from credit card companies and reputable third parties which are generally collected within three (3) to 30 days from the date of transaction. No ECL was recognized for trade receivables in 2025, 2024 and 2023.

The carrying amounts of trade receivables are disclosed in Note 5.

Assessing the ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL on other financial assets at amortized cost using the general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets. The provision for ECL recognized during the period is limited to 12 months ECL because the Company's other financial assets at amortized cost are considered to have low credit risk. When there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

The information about the ECL on the Company's other financial assets at amortized cost, comprising of cash in banks, cash equivalents, advances to subsidiaries and accrued interest receivable, is disclosed in Note 19 to the separate financial statements. The carrying amounts of the Company's cash in banks and cash equivalents, advances to subsidiaries and accrued interest receivable as at December 31, 2025 and 2024 are disclosed in Notes 4 and 5.

Estimating the NRV of Merchandise Inventories. The NRV of merchandise inventories represents the estimated selling price for the asset less all estimated costs necessary to make the sale. The Company determines the estimated selling price based on the recent sale transactions of similar goods with adjustments to reflect any changes in economic conditions since the date the transactions occurred. The Company writes down the carrying amount of merchandise inventory for the excess of carrying amount over its NRV or fair value less cost to sell. While the Company believes that the estimates are reasonable and appropriate, significant differences in the actual experience or significant changes in estimates may materially affect the profit or loss and equity.

The carrying amounts of merchandise inventories as at December 31, 2025 and 2024 are disclosed in Note 6. No merchandise inventories were written off in 2025, 2024 and 2023. Provision for inventory obsolescence amounted to ₱29.3 million, ₱7.6 million and ₱2.9 million in 2025, 2024 and 2023, respectively. Allowance for inventory obsolescence amounted to ₱88.8 million and ₱59.4 million as at December 31, 2025 and 2024, respectively.

Estimating the Useful Lives of ROU Assets and Property and Equipment. The useful lives of the Company's ROU assets and property and equipment (except land and construction in progress) are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives 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 the Company's ROU assets and property and equipment. In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of ROU assets and property and equipment would increase the recognized expenses and decrease noncurrent assets.

As at December 31, 2025 and 2024, the carrying amounts of property and equipment and ROU assets are disclosed in Notes 8 and 17. There were no changes in the estimated useful lives of these property and equipment and ROU assets in 2025, 2024 and 2023.

Assessing the Impairment of Nonfinancial Assets. The Company is required to perform an impairment assessment when certain impairment indicators are present. Determining the value in use of nonfinancial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause the Company to conclude that nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. While the Company believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

The carrying amounts of the Company's nonfinancial assets which includes property and equipment, ROU assets, other assets, investment in subsidiaries, and advances (presented under "Trade and other receivables" account in the statements of financial position) are disclosed in Notes 5, 7, 8, 9 and 17.

There were no impairment losses recognized on nonfinancial assets in 2025, 2024 and 2023.

Estimating Retirement Liability. The determination of the retirement liability and expense is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Actual results that differ from the assumptions are accumulated and are recognized in OCI. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement liability.

The carrying amounts of retirement liability, retirement expense and the assumptions used in calculating such amounts, which include among others, discount rates and expected rates of salary increase, are disclosed in Note 16.

Assessing the Realizability of Deferred Tax Assets. The Company reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The carrying amounts of deferred tax assets recognized in the separate statements of financial are disclosed in Note 18.

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	**₱11,724,976**	₱2,573,808
Cash in banks	**685,329,932**	499,828,681
Cash equivalents	**–**	301,451,505
	₱697,054,908	₱803,853,994

Cash in banks earn interest at prevailing bank deposit rates which are readily available for use. Cash equivalents pertain to time deposit with maturity term of three months and earns interest ranging from 5.25% to 6.00% per annum in 2025, 2024 and 2023.

As at December 31, 2024, the cash and cash equivalents include the unapplied IPO proceeds amounting to ₱590.6 million (see Note 12).

Details of interest income are as follows (see Note 14):

	2025	2024	2023
Cash in banks	**₱1,228,764**	₱2,724,611	₱680,425
Cash equivalents	**2,478,702**	24,355,366	46,130,659
	₱3,707,466	₱27,079,977	₱46,811,084

Accrued interest receivable from cash equivalents amounted to nil and ₱2.1 million as at December 31, 2025 and 2024, respectively (see Note 5).

5. Trade and Other Receivables

This account consists of:

	Note	2025	2024
Trade:			
Third parties		**₱213,075,813**	₱206,096,822
Related party	15	**80,357**	–
Advances to:			
Stockholder	15	**31,791,848**	31,791,848
Officers and employees		**4,085,651**	1,904,918
Subsidiaries	15	**1,101,250**	4,472,998
Suppliers		**494,297**	3,033,601
Accrued interest receivable	4	**–**	2,074,167
		₱250,629,216	₱249,374,354

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 in 2025, 2024 and 2023.

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

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

Trade and other receivables were not pledged or used as a collateral for the Company's liabilities as at December 31, 2025 and 2024.

6. Merchandise inventories

The merchandise inventories are carried at net realizable value as at December 31, 2025 and 2024. The related cost of the merchandise amounted to ₱4,917.5 million and ₱4,364.4 million as at December 31, 2025 and 2024, respectively. Details of merchandise inventories at net realizable value are as follows:

	2025	2024
Computers and peripherals	**₱3,017,861,586**	₱2,599,316,811
Accessories	**742,999,061**	664,317,399
Mobile phones	**651,635,231**	590,167,995
Printers and scanners	**307,360,216**	339,756,426
Consumables	**108,870,903**	93,451,847
	₱4,828,726,997	₱4,287,010,478

Movements in the allowance for inventory obsolescence are as follows:

	2025	2024	2023
Balance at beginning of year	**₱59,414,868**	₱51,768,993	₱48,852,617
Provision for inventory obsolescence	**29,340,039**	7,645,875	2,916,376
Balance at end of year	**₱88,754,907**	₱59,414,868	₱51,768,993

Merchandise inventories charged to cost of sales amounted to ₱9,290.8 million, ₱8,797.4 million and ₱7,935.9 million in 2025, 2024 and 2023, respectively, including provision for inventory obsolescence.

In 2025, the Company classified provision for inventory obsolescence as "Cost of sales" in the separate statements of comprehensive income. The 2024 and 2023 were accordingly reclassified from "Operating expenses" to "Cost of sales" to be comparative with the 2025 presentation. The reclassification did not have an effect the separate statement of financial position as at December 31, 2024 and the separate statements of changes in equity and statements of cash flows for the years ended December 31, 2024 and 2023 (see Note 13).

Under the terms of agreements, merchandise inventories amounting to ₱3,359.3 million and ₱2,583.1 million as at December 31, 2025 and 2024, respectively, are covered by trust receipts issued by local banks (see Note 11).

7. Other Assets

Other Current Assets
This account includes:

	Note	**2025**	2024
Refundable lease deposits	17	**₱225,681,617**	₱161,172,733
Prepayments		**23,848,904**	4,468,580
		₱249,530,521	₱165,641,313

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

Other Noncurrent Assets
This account includes:

	Note	**2025**	2024
Advances for property acquisition	15	**₱95,000,000**	₱–
Noncurrent portion of refundable lease deposits	17	**27,219,972**	77,828,402
		₱122,219,972	₱77,828,402

8. Property and Equipment

Movements in this account follow:

	December 31, 2025							
	Land	Building and Building Improvements	Leasehold Improvements	Store Furniture and Equipment	Transportation Equipment	Furniture and Fixtures	Construction in Progress	Total
Cost								
Balance at beginning of year	₱201,025,000	₱208,474,487	₱681,423,428	₱175,890,225	₱151,661,594	₱113,099,999	₱238,774,196	₱1,770,348,929
Additions	273,832,303	78,417,697	51,652,469	13,642,927	1,859,723	26,046,887	35,610,929	481,062,935
Reclassifications	–	19,642,857	43,067,161	–	–	–	(62,710,018)	–
Balance at end of year	474,857,303	306,535,041	776,143,058	189,533,152	153,521,317	139,146,886	211,675,107	2,251,411,864
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	32,542,233	511,261,925	109,115,270	126,910,308	98,623,485	–	878,453,221
Depreciation and amortization	–	12,081,311	69,577,999	15,620,451	6,845,442	10,443,409	–	114,568,612
Balance at end of year	–	44,623,544	580,839,924	124,735,721	133,755,750	109,066,894	–	993,021,833
Carrying Amount	₱474,857,303	₱261,911,497	₱195,303,134	₱64,797,431	₱19,765,567	₱30,079,992	₱211,675,107	₱1,258,390,031

	December 31, 2024							
	Land	Building and Building Improvements	Leasehold Improvements	Store Furniture and Equipment	Transportation Equipment	Furniture and Fixtures	Construction in Progress	Total
Cost								
Balance at beginning of year	₱201,025,000	₱208,474,487	₱609,482,926	₱143,360,783	₱133,324,094	₱110,010,869	₱179,319,930	₱1,584,998,089
Additions	–	–	5,551,262	32,529,442	18,337,500	3,089,130	125,843,506	185,350,840
Reclassifications	–	–	66,389,240		–		(66,389,240)	–
Balance at end of year	201,025,000	208,474,487	681,423,428	175,890,225	151,661,594	113,099,999	238,774,196	1,770,348,929
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	24,281,885	448,924,870	89,095,323	112,642,606	90,634,481	878,453,221	765,579,165
Depreciation and amortization	–	8,260,348	62,337,055	20,019,947	14,267,702	7,989,004	–	112,874,056
Balance at end of year	–	32,542,233	511,261,925	109,115,270	126,910,308	98,623,485	–	878,453,221
Carrying Amount	₱201,025,000	₱175,932,254	₱170,161,503	₱66,774,955	₱24,751,286	₱14,476,514	₱238,774,196	₱891,895,708

Construction in progress represents the accumulated costs incurred in the construction of a warehouse and additional stores which are expected to be completed in 2026. As at December 31, 2025, the estimated total cost to complete the warehouse and store branches amounted to ₱6.7 million. In 2025 and 2024, borrowing costs amounting to nil and ₱9.0 million, respectively, were capitalized. Capitalization rate used in 2025 and 2024 were nil and 7.74%, respectively (see Note 11). The capitalized borrowing costs were presented as non-cash financial information in the separate statements of cash flows.

The Company's building with a carrying amount of ₱150.5 million and ₱157.7 million as at December 31, 2025 and 2024, respectively, together with a related party's land were used as a collateral for a Company's bank loans amounting to ₱300.0 million and ₱250.0 million as at December 31, 2025 and 2024, respectively (see Note 11). Moreover, these properties were also used as a collateral for a related party's loan with a local bank (see Note 15).

Fully depreciated property and equipment still being used by the Company amounted to ₱804.0 million and ₱322.2 million as at December 31, 2025 and 2024, respectively.

Depreciation and amortization are recognized from:

	Note	**2025**	2024	2023
ROU assets	17	**₱343,068,610**	₱293,297,883	₱208,427,954
Property and equipment		**114,568,612**	112,874,056	100,647,058
		₱457,637,222	₱406,171,939	₱309,075,012

Depreciation and amortization are charged to the following (see Note 13):

	2025	2024	2023
Selling and marketing expenses	**₱384,751,199**	₱317,739,853	₱219,442,677
General and administrative expenses	**72,886,023**	88,432,086	89,632,335
	₱457,637,222	₱406,171,939	₱309,075,012

9. **Investments in Subsidiaries**

In 2024, the Company incorporated the following subsidiaries:

	Effective Ownership Percentage	Amount Subscribed (Par value at ₱1)
iStudio Technologies Philippines Corp.	52%	₱26,000,000
Upson Global Inc.	90%	89,999,995
		₱115,999,995

As at December 31, 2025 and 2024, outstanding subscription payable to UGI amounted to ₱40.0 million (see Note 10).

The principal places of business of the subsidiaries are as follows:

Company Name	Registered Business Address
iStudio Technologies Philippines Corp.	101 ACE Building, Rada Street Legaspi, Village San Lorenzo, Fourth District, Makati City
Upson Global Inc.	Unit 2308, 23/F Capital House Tower 1, 9th Avenue corner 34th Street, Bonifacio Global City, Taguig City

All of the subsidiaries are incorporated and registered in the Philippines.

10. Trade and Other Payables

This account consists of:

	Note	**2025**	2024
Trade:			
Third parties		**₱770,264,418**	₱857,673,987
Related party	15	**410,228**	–
Statutory payables		**64,233,738**	27,043,109
Subscription payable	9	**39,999,995**	39,999,995
Accrued expenses		**13,785,497**	7,415,921
Retention payables		**6,597,581**	5,678,831
Others		**3,652,432**	5,584,099
		₱898,943,889	₱943,395,942

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 Company 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 nontrade payables which are normally settled in the next reporting period.

11. Bank Loans and Trust Receipts Payable

Movements in this account are as follows:

	2025		
	Bank Loans	**Trust Receipts**	**Total**
Balance at beginning of year	**₱1,216,666,667**	**₱1,286,290,982**	**₱2,502,957,649**
Availments	**800,000,000**	**3,359,268,701**	**4,159,268,701**
Payments	**(841,666,667)**	**(2,552,857,494)**	**(3,394,524,161)**
Balance at end of year	**₱1,175,000,000**	**₱2,092,702,189**	**₱3,267,702,189**

	2024		
	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 December 31, 2025 and 2024, the bank loans and trust receipts have terms of three (3) months to one (1) year, subject to refinancing upon approval of the creditor bank. Bank loans were obtained for working capital purposes and capital expenditure of the Company. Bank loans amounting to ₱300.0 million and ₱250.0 million as at December 31, 2025 and 2024, respectively, were secured by a related party's land and the Company's building with a carrying amount of ₱150.5 million and ₱157.7 million as at December 31, 2025 and 2024, respectively (see Note 8). The bank loans are secured by continuing suretyship of the majority shareholders of the Company and a related party (see Note 15). Trust receipts were obtained to finance the purchase of merchandise inventories. Interest rates on the bank loans and trust receipts range from 5.88% to 8.00% in 2025, 5.63% to 8.00% in 2024 and 4.88% to 9.25% in 2023.

Trust Receipts

Under the terms of agreements, merchandise inventories amounting to ₱3,359.3 million and ₱2,583.1 million as at December 31, 2025 and 2024, respectively, were covered by trust receipts issued by local banks (see Note 6).

Covenants

As at December 31, 2025 and 2024, the Company's bank loans are no longer subject to any loan covenants.

Details of finance costs charged to operations are as follows:

	Note	**2025**	2024	2023
Interest on bank loans		**₱80,935,107**	₱68,590,006	₱51,534,693
Interest on trust receipts		**88,548,660**	63,929,788	68,676,271
Accretion of interest on lease liabilities	17	**19,412,678**	28,958,671	14,358,173
		188,896,445	161,478,465	134,569,137
Less capitalized borrowing cost	8	–	(9,042,488)	(11,074,116)
		₱188,896,445	₱152,435,977	₱123,495,021

Accrued interest payable presented under "Accrued expenses" in the "Trade and other payables" account in the separate statements of financial position amounted to ₱7.4 million and ₱1.8 million as at December 31, 2025 and 2024, respectively (see Note 22).

12. Equity

Capital Stock

The Company's capital stock comprises of common shares with par value of ₱0.20 a share as at December 31, 2025 and 2024.

Details of capital stock follow:

	2025		2024		2023	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized						
Balance at beginning and end of year	**6,250,000,000**	**₱1,250,000,000**	6,250,000,000	₱1,250,000,000	6,250,000,000	₱1,250,000,000
Issued and Outstanding						
Balance at beginning of year	**3,125,001,300**	**₱625,000,260**	3,125,001,300	₱625,000,260	2,500,000,300	₱500,000,060
Issuances	**–**	**–**	–	–	625,001,000	125,000,200
Balance at end of year	**3,125,001,300**	**₱625,000,260**	3,125,001,300	₱625,000,260	3,125,001,300	₱625,000,260

On April 3, 2023, the 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 Company's store network expansion and store improvement program. The unapplied proceeds as at December 31, 2024 amounting to ₱590.6 million are maintained in the Company's cash in bank and cash equivalents (see Note 4). As at December 31, 2025, the Company has fully utilized the proceeds from the IPO.

Pursuant to the PSE's rules on minimum public ownership, at least 20% of the issued and outstanding shares of a listed company must be owned and held by the public. Public ownership over the Company as at December 31, 2025 and 2024 were 25.63% and 21.74%, respectively.

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.

Retained Earnings

Appropriations

On March 24, 2023, the BOD approved the appropriation of retained earnings amounting to ₱78.0 million for the construction of a warehouse. The completion of the construction of the warehouse was extended to 2024. On November 9, 2023, the BOD approved the retention of the appropriation. On March 21, 2024, the BOD approved the reversal of retained earnings appropriated for the construction of a warehouse amounting to ₱78.0 million.

Dividend Declaration

Details of the cash dividends declared by the Company in 2025, 2024 and 2023 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

No dividends payable were outstanding as at December 31, 2025 and 2024.

13. Operating Expenses

This account consists of:

	2025	2024	2023
Selling and marketing expenses	**₱1,795,941,640**	₱1,529,091,262	₱1,335,896,874
General and administrative expenses	**397,091,344**	358,560,980	337,167,179
	₱2,193,032,984	₱1,887,652,242	₱1,673,064,053

Selling and marketing expenses consist of:

	Note	2025	2024	2023
Merchant discount		**₱457,823,231**	₱387,586,919	₱304,859,917
Personnel costs		**387,408,791**	335,930,239	296,953,998
Depreciation and amortization	8	**384,751,199**	317,739,853	219,442,677
Rent	17	**216,482,878**	192,597,459	251,986,409
Utilities		**164,972,702**	144,680,104	131,221,218
Contracted and other services		**157,684,663**	128,633,091	97,759,776
Freight and delivery		**13,827,159**	11,832,447	14,765,157
Advertising		**7,502,123**	5,606,883	15,129,392
Retirement expense	16	**5,488,894**	4,484,267	3,778,330
		₱1,795,941,640	₱1,529,091,262	₱1,335,896,874

General and administrative expenses consist of:

	Note	2025	2024	2023
Taxes and licenses		**₱131,540,113**	₱76,695,357	₱61,079,416
Personnel costs		**103,170,631**	102,448,544	97,505,755
Depreciation and amortization	8	**72,886,023**	88,432,086	89,632,335
Transportation and travel		**18,666,682**	16,132,177	12,156,859
Stationery and supplies		**17,447,974**	15,072,921	13,635,938
Repairs, warranties and maintenance		**16,879,983**	18,945,525	12,504,093
Representation		**10,594,322**	14,584,295	8,301,601
Professional fees		**7,748,007**	7,900,369	8,088,818
Insurance		**3,461,337**	6,267,605	7,817,667
Retirement expense	16	**1,243,746**	1,367,565	1,240,626
IPO expense		**–**	–	16,546,052
Rent	17	**–**	–	492,696
Others		**13,452,526**	10,714,536	8,165,323
		₱397,091,344	₱358,560,980	₱337,167,179

Personnel costs consist of:

	2025	2024	2023
Salaries and wages	**₱422,506,734**	₱386,116,397	₱346,795,528
Other employee benefits	**68,072,688**	52,262,386	47,664,225
	₱490,579,422	₱438,378,783	₱394,459,753

14. Other Income

This account consists of:

	Note	2025	2024	2023
Gain on lease modification	17	**₱17,055,761**	₱70,171	₱102,070
Net foreign exchange gain		**7,702,027**	8,828,916	7,472,929
Interest income	4	**3,707,466**	27,079,977	46,811,084
Rent income	15	**482,143**	–	–
Other income		**353,926,859**	305,323,279	251,696,272
		₱382,874,256	₱341,302,343	₱306,082,355

Other income includes product advertising and promotional support granted by suppliers. These are the suppliers' marketing initiatives and are recognized as income at a point in time or when the right to compensation is established.

15. Related Party Transactions

The Company has transactions with related parties in the ordinary course of business as follows:

	Nature of Transaction	Transactions during the Year			Outstanding Balance	
		2025	2024	2023	**2025**	2024
Trade and Other Receivables (see Note 5)						
Stockholder	Advances for business development expenses	**₱–**	₱–	₱31,791,848	**₱31,791,848**	₱31,791,848
Subsidiaries	Advances (collection)	**(3,371,748)**	4,472,998	–	**1,101,250**	4,472,998
	Sales	**–**	206,145	–	**–**	–
	Rental income	**482,143**	–	–	**80,357**	–
					₱32,973,455	₱36,264,846
Advances for Property Acquisition (see Note 7)						
Entity under common control	Acquisition of properties	**₱401,250,000**	₱–	₱–	**₱95,000,000**	₱–
Trade and Other Payables (see Note 10)						
Subsidiaries	Subscription payable	**₱–**	₱115,999,995	₱–	**₱39,999,995**	₱39,999,995
	Purchases	**1,843,271**	–	–	**410,228**	–
					₱40,410,223	₱39,999,995
Lease Arrangement (see Note 17)						
Entity under common control	ROU asset amortization	**(₱44,551,594)**	(₱66,071,327)	(₱68,963,541)	**₱–**	₱64,809,956
	Lease liability payments	**(31,611,980)**	(70,480,200)	(68,402,482)	**–**	67,095,962
	Gain on lease modification	**(15,781,850)**	(70,171)	–	**–**	–

Terms and Conditions

Advances to a Stockholder
Advances to a stockholder are unsecured and noninterest-bearing advances for business development expenses. The potential business opportunity, however, did not materialize as expected in 2025. The advances to a stockholder have been settled in 2026.

Advances to Subsidiaries
Advances to subsidiaries are unsecured, non-interest bearing, due and demandable and are settled in cash.

Advances for Property Acquisition
In 2025, the Company acquired properties from a related party totaling ₱401.3 million. As at December 31, 2025, the documentation for the purchase of properties amounting to ₱95.0 million with a related party have not yet been completed, hence, these amounts are presented as advances for property acquisition under "Other noncurrent assets" in the statements of financial position (see Note 7).

A parcel of land owned by a related party was used as a collateral for the Company's bank loan. (see Note 8).

Trade and Other Payable
The Company has various purchases with related party. These are settled within the related party normal settlement period. Total transactions amounting to ₱1.8 million in 2025. Outstanding payable for these transactions amounted to ₱0.4 million as at December 31, 2025 (see Note 10).

Short-term Lease
In 2025, the Company entered into a lease agreement with its subsidiary for an office space for a term of six (6) months renewable upon mutual agreement of the parties. Rental income recognized from short-term lease amounted to ₱0.5 million in 2025 (see Note 17). Outstanding rent receivable amounted to ₱0.1 million as at December 31, 2025 (see Note 5).

There were no guarantees provided or received for any related party receivables or payables as at December 31, 2025 and 2024. The Company has not recognized any expected credit loss on amounts due from related parties in 2025, 2024 and 2023. This assessment is undertaken each financial year through a review of the financial position of the related parties and the market in which the related parties operate.

Continuing Suretyship
The majority stockholders of the Company and a related party have a continuing suretyship over the Company's bank loans as at December 31, 2025 and 2024.

Revenue Regulation on Related Party Transactions
The Company is covered by the requirements and procedures for related party transactions under Revenue Regulation No. 34-2020.

Compensation of Key Management Personnel

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

	2025	2024	2023
Short-term employee benefits	**₱11,252,030**	₱6,853,860	₱6,853,860
Post-employment benefits	**672,411**	665,628	665,628
	₱11,924,441	₱7,519,488	₱7,519,488

16. Retirement Liability

The Company has an unfunded, non-contributory defined benefit plan covering 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 for the year ended December 31, 2025.

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

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

	2025	2024	2023
Current service cost	**₱3,766,714**	₱3,255,830	₱2,544,484
Interest cost	**2,965,926**	2,596,002	2,474,472
	₱6,732,640	₱5,851,832	₱5,018,956

Retirement expense is charged to the following (see Note 13):

	2025	2024	2023
Selling and marketing expenses	**₱5,488,894**	₱4,484,267	₱3,778,330
General and administrative expenses	**1,243,746**	1,367,565	1,240,626
	₱6,732,640	₱5,851,832	₱5,018,956

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

	2025	2024
Balance at beginning of year	**₱48,621,746**	₱41,870,993
Current service cost	**3,766,714**	3,255,830
Interest cost	**2,965,926**	2,596,002
Remeasurement losses (gains) from:		
Changes in financial assumptions	**(2,644,823)**	597,575
Experience adjustments	**1,197,893**	301,346
Balance at end of year	**₱53,907,456**	₱48,621,746

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

	2025		
	Accumulated Remeasurement Losses	**Deferred Tax** (see Note 18)	**Net**
Balance at beginning of year	**₱9,985,195**	**(₱2,496,299)**	**₱7,488,896**
Remeasurement gain	**(1,446,930)**	**361,733**	**(1,085,197)**
Balance at end of year	**₱8,538,265**	**(₱2,134,566)**	**₱6,403,699**

	2024		
	Accumulated Remeasurement Losses	Deferred Tax (see Note 18)	Net
Balance at beginning of year	₱9,086,274	(₱2,271,569)	₱6,814,705
Remeasurement loss	898,921	(224,730)	674,191
Balance at end of year	₱9,985,195	(₱2,496,299)	₱7,488,896

	2023		
	Accumulated Remeasurement Losses	Deferred Tax (see Note 18)	Net
Balance at beginning of year	₱5,673,046	(₱1,418,262)	₱4,254,784
Remeasurement loss	3,413,228	(853,307)	2,559,921
Balance at end of year	₱9,086,274	(₱2,271,569)	₱6,814,705

Risks Associated with the Retirement Plan

- *Interest Rate Risks.* The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

- *Longevity and Salary Risks.* The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

The assumptions used to determine retirement liability are as follows:

	2025	2024	2023
Discount rate	**6.50%**	6.10%	6.20%
Salary increase rate	**3.00%**	3.00%	3.00%

The sensitivity analyses based on reasonably possible changes of the assumptions as at December 31, 2025 follow:

	Basis Points	Effect on Present Value of Retirement Liability
Discount rate	+100	(₱4,077,471)
	-100	10,971,719
Salary increase rate	+100	7,808,071
	-100	(6,882,316)

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

The Company does not maintain a fund for its retirement liability. While funding is not a requirement of the law, there is a risk that the Company 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 14 years.

As at December 31, 2025, the expected future benefit payments are as follows:

	Amount
More than 1 year to 5 years	₱14,508,815
More than 5 years to 10 years	11,382,245
More than 10 years	424,127,232

17. **Lease Commitments**

Company as Lessor - Short-term Lease

In 2025, the Company entered into a lease agreement with its subsidiary for an office space for a term of six (6) months renewable upon mutual agreement by the Company and the subsidiary. Rental income recognized from short-term lease amounted to ₱0.5 million in 2025 (see Note 13).

Outstanding rent receivable amounted to ₱0.1 million as at December 31, 2025 (see Note 5).

Company as Lessee - Short-term Lease

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

Total rent expense on short-term leases is charged to the following (see Note 13):

	2025	2024	2023
Selling and marketing expenses	**₱216,482,878**	₱192,597,459	₱251,986,409
General and administrative expenses	**–**	–	492,696
	₱216,482,878	₱192,597,459	₱252,479,105

Company as Lessee - Long-term Lease

The Company has non-cancellable lease agreements with a related party and third parties for its warehouse, office, parking lots and certain 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	2025	2024
Cost			
Balance at beginning of year		**₱1,680,908,417**	₱1,250,321,423
Additions		**189,677,308**	432,446,574
Effect of lease modification		**(45,995,160)**	(1,859,580)
Balance at end of year		**1,824,590,565**	1,680,908,417
Accumulated Amortization			
Balance at beginning of year		**1,268,192,453**	974,894,570
Amortization	8	**343,068,610**	293,297,883
Effect of lease modification		**(23,245,658)**	–
Balance at end of year		**1,588,015,405**	1,268,192,453
Carrying Amount		**₱236,575,160**	₱412,715,964

Lease Liabilities

The balance and movements in lease liabilities are as follows:

	Note	2025	2024
Balance at beginning of year		**₱396,355,555**	₱275,193,672
Additions		**160,133,379**	432,361,074
Payments		**(325,814,973)**	(338,228,111)
Accretion	11	**19,412,678**	28,958,671
Effect of lease modification		**(39,805,263)**	(1,929,751)
Balance at end of year		**210,281,376**	396,355,555
Current portion		**133,132,162**	299,800,547
Noncurrent portion		**₱77,149,214**	₱96,555,008

Incremental borrowing rate ranging from 7.0% and 3.4% was applied to determine the discounted amount of lease liabilities in 2025, 2024 and 2023.

The Company has agreed to certain lease modifications and pre-terminations of lease agreements resulting to a gain on lease modification of ₱17.1 million, ₱0.1 million and ₱0.1 million in 2025, 2024 and 2023, respectively (see Note 14).

There were no gains on lease concessions recognized in 2025, 2024 and 2023.

The future minimum lease payments and present value as at December 31, 2025 are as follows:

	Minimum Lease Payments	Present Value
Not later than one (1) year	₱145,473,390	₱133,409,331
Later than one (1) year but not more than five (5) years	83,557,287	72,981,029
	₱229,030,677	₱206,390,360

Rent related expense recognized in the statements of comprehensive income are as follows:

	Note	2025	2024	2023
ROU assets amortization	8	**₱343,068,610**	₱293,297,883	₱208,427,954
Short-term leases	13	**216,482,878**	192,597,459	252,479,105
Accretion of interest on lease liabilities	11	**19,412,678**	28,958,671	14,358,173
		₱578,964,166	₱514,854,013	₱475,265,232

Total cash outflow for leases, including short-term leases, amounted to ₱542.3 million, ₱530.8 million and ₱472.6 million in 2025, 2024 and 2023, respectively.

Refundable Lease Deposits

Lease deposits, which are refundable at the end of the lease term if unutilized, aggregate ₱252.9 million and ₱239.0 million as at December 31, 2025 and 2024, respectively (see Note 7).

18. Income Taxes

The provision for current income tax pertains to regular corporate income tax (RCIT) in 2025, 2024 and 2023.

The reconciliation of income tax computed at the statutory tax rate to provision for income tax as shown in the separate statements of comprehensive income is as follows:

	2025	2024	2023
Income tax computed at the statutory tax rate	**₱135,943,270**	₱158,811,323	₱145,996,734
Adjustment for:			
Nondeductible expenses	**8,555,476**	1,692,498	2,925,692
Interest income already subjected to final tax	**(926,867)**	(6,769,994)	(11,702,771)
Expenses charged to APIC	**–**	–	(17,423,538)
	₱143,571,879	₱153,733,827	₱119,796,117

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

	Note	2025	2024
Deferred Tax Assets:			
Allowance for inventory obsolescence		**₱22,188,727**	₱14,853,717
Retirement liability:			
Profit or loss		**11,342,298**	9,659,138
OCI	16	**2,134,566**	2,496,299
		35,665,591	27,009,154
Deferred Tax Liabilities:			
Capitalized borrowing cost		**(5,029,151)**	(5,029,151)
Excess of ROU asset over lease liability		**(6,573,446)**	(4,090,102)
		(11,602,597)	(9,119,253)
		₱24,062,994	₱17,889,901

19. Financial Risk Management

Financial Risk Management Objectives and Policies

The Company's business activities expose it to certain financial risks which includes credit risk, liquidity risk and interest rate risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. 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 Company. Financial assets that potentially subject the Company to credit risk consist primarily of cash in banks, cash equivalents, trade receivables and accrued interest receivables.

Risk Management. To manage credit risk, the Company 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 gross maximum exposure of the Company to credit risk:

	2025	2024
Cash in banks and cash equivalents	**₱685,329,932**	₱801,280,186
Trade receivables	**213,156,170**	206,096,822
Advances to subsidiaries	**1,101,250**	4,472,998
Accrued interest receivable	**–**	2,074,167
	₱899,587,352	₱1,013,924,173

As at December 31, 2025 and 2024, the amount of cash in banks, cash equivalents, advances to subsidiaries, accrued interest receivable and trade receivables 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 Company 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 Company 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 groupings 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 receivables from credit card companies and reputable third parties which 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, advances to subsidiaries and accrued interest receivable, the Company 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 Company 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.

For advances to subsidiaries, the Company has assessed that the credit risk has not significantly increased since initial recognition because the subsidiaries have financial capacity to satisfy their obligations as they fall due.

The following table summarizes the impairment analysis of the Company'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.

	2025			
	12-Month ECL	**Lifetime ECL - Not Credit Impaired**	**Lifetime ECL - Credit Impaired**	**Total**
Cash in banks and cash equivalents	**₱685,329,932**	**₱–**	**₱–**	**₱685,329,932**
Trade receivables	**–**	**213,156,170**	**–**	**213,156,170**
Advances to subsidiaries	**1,101,250**	**–**	**–**	**1,101,250**
	₱686,431,182	**₱213,156,170**	**₱–**	**₱899,587,352**

	2024			
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Total
Cash in banks and cash equivalents	₱801,280,186	₱–	₱–	₱801,280,186
Trade receivables	–	206,096,822	–	206,096,822
Advances to subsidiaries	4,472,998	–	–	4,472,998
Accrued interest receivable	2,074,167	–	–	2,074,167
	₱807,827,351	₱206,096,822	₱–	₱1,013,924,173

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

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

The tables below detail the Company'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 Company can be required to pay.

	2025			
	1 to 6 Months	More than 6 Months to 1 Year	More than 1 Year	Total
Trade and other payables*	**₱828,112,570**	**₱6,597,581**	**₱–**	**₱834,710,151**
Bank loans and trust receipts payable	**2,092,702,189**	**1,175,000,000**	**–**	**3,267,702,189**
Lease liabilities	**91,971,536**	**53,501,854**	**83,557,287**	**229,030,677**
	₱3,012,786,295	**₱1,235,099,435**	**₱83,557,287**	**₱4,331,443,017**

**Excluding statutory payables.*

	2024			
	1 to 6 Months	More than 6 Months to 1 Year	More than 1 Year	Total
Trade and other payables*	₱910,674,002	₱5,678,831	₱–	₱916,352,833
Bank loans and trust receipts payable	1,286,290,982	1,216,666,667	–	2,502,957,649
Lease liabilities	177,047,510	139,407,445	98,306,282	414,761,237
	₱2,374,012,494	₱1,361,752,943	₱98,306,282	₱3,834,071,719

**Excluding statutory 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 Company's loans payable to local banks are subject to a repricing interest rate with and are exposed to cash flow interest rate risk. The repricing of these instruments is done on a semiannual basis.

The Company 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 Company's net income.

These loans are promissory notes under loan facilities which mature within 90 days to one year as at December 31, 2025 and 2024, and bear an effective interest rate ranging from 5.88% to 8.00% in 2025 and 5.63% to 8.00% in 2024.

20. Fair Value of Financial Assets and Liabilities

Fair values of the Company's financial assets and financial liabilities are shown below:

	2025		2024	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in banks and cash equivalents	**₱685,329,932**	**₱685,329,932**	₱801,280,186	₱801,280,186
Trade receivables	**213,156,170**	**213,156,170**	206,096,822	206,096,822
Advances to subsidiaries	**1,101,250**	**1,101,250**	4,472,998	4,472,998
Accrued interest receivable	**–**	**–**	2,074,167	2,074,167
	₱899,587,352	**₱899,587,352**	₱1,013,924,173	₱1,013,924,173
Financial Liabilities				
Trade and other payables*	**₱834,710,151**	**₱834,710,151**	₱916,352,833	₱916,352,833
Bank loans and trust receipts payable	**3,267,702,189**	**3,267,702,189**	2,502,957,649	2,502,957,649
Lease liabilities	**210,281,376**	**210,281,376**	396,355,555	391,013,229
	₱4,312,693,716	**₱4,312,693,716**	₱3,815,666,037	₱3,810,323,711

**Excluding statutory payables.*

Due to the short-term maturities of cash in banks, cash equivalents, trade receivables, advances to subsidiaries, accrued interest receivable, trade and other payables (excluding statutory payables), and bank loans and trust receipts payable, their carrying amounts approximate their fair values (Level 3).

Lease Liabilities. Estimated fair values have been calculated on the lease liabilities' expected cash flows using the prevailing market rates that are specific to the tenor of the instruments' cash flows at reporting dates (Level 2).

As at December 31, 2025 and 2024, there were no financial instruments measured at fair value. There were no transfers between levels of fair value hierarchy in 2025, 2024 and 2023.

21. Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. No changes were made in the objectives, policies or processes in 2025, 2024 and 2023.

The capital structure of the Company consists of total liabilities and equity. The Company manages the capital structure and makes adjustments when there are changes in economic condition, its business activities, expansion programs and the risk characteristics of the underlying assets.

The Company is not subject to externally imposed capital requirements.

The Company's debt-to-equity ratio is as follows:

	2025	2024
Total liabilities	**₱4,474,060,948**	₱3,926,867,583
Total equity	**3,309,128,846**	3,095,342,526
Debt-to-equity ratio	**1.35:1**	1.27:1

22. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes as at December 31, 2025 and 2024:

	December 31, 2024	**Additions**	**Accretion/ Interest expense**	**Payment**	**Non-cash Changes**	**December 31, 2025**
Bank loans and trust receipts payable	**₱2,502,957,649**	**₱4,159,268,701**	**₱–**	**(₱3,394,524,161)**	**₱–**	**₱3,267,702,189**
Lease liabilities	**396,355,555**	**160,133,379**	**19,412,678**	**(325,814,973)**	**(39,805,263)**	**210,281,376**
Dividends payable	**–**	**187,500,078**	**–**	**(187,500,078)**	**–**	**–**
Accrued interest payable	**1,777,814**	**–**	**169,483,767**	**(163,873,998)**	**–**	**7,387,583**
	₱2,901,091,018	**₱4,506,902,158**	**₱188,896,445**	**(₱4,071,713,210)**	**(₱39,805,263)**	**₱3,485,371,148**
	December 31, 2023	Additions	Accretion/ Interest expense	Payment	Non-cash Changes	December 31, 2024
Bank loans and trust receipts payable	₱1,767,613,865	₱2,883,052,863	₱–	(₱2,147,709,079)	₱–	₱2,502,957,649
Lease liabilities	275,193,672	432,361,074	28,958,671	(338,228,111)	(1,929,751)	396,355,555
Dividends payable	–	187,500,078	–	(187,500,078)	–	–
Accrued interest payable	3,844,338	–	132,519,794	(134,586,318)	–	1,777,814
	₱2,046,651,875	₱3,502,914,015	₱161,478,465	(₱2,808,023,586)	(₱1,929,751)	₱2,901,091,018

23. Basic and Diluted Earnings Per Share

Basic earnings per share is computed as follows:

	2025	2024	2023
Net income	**₱400,201,201**	₱481,511,463	₱464,190,818
Divided by weighted average number of outstanding shares	**3,125,001,300**	3,125,001,300	2,968,751,050
	₱0.13	₱0.15	₱0.16

The Company has no dilutive potential shares in 2025, 2024 and 2023.

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
Upson International Corp.
Unit 2308, 23/F Capital House Tower 1
9th Avenue corner 34th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of 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 Company) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, and have issued our report thereon dated February 26, 2026. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2025 is the responsibility of the Company's management.

The supplementary schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic separate financial statements. The information in the supplementary schedule has been subjected to the auditing procedures applied in our audits of the basic separate financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & CO.

DARRYLL REESE Q. SALANGAD
Partner
CPA Certificate No.
Tax Identification No.
BOA Accreditation No. Valid until June 6, 2026
SEC Accreditation No.
Issued October 2, 2025
Valid for Financial Period 2029
BIR Accreditation No.
Valid until January 16, 2028
PTR No.
Issued January 2, 2026, Makati City

February 26, 2026
Makati City, Metro Manila

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)

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2025

Unappropriated Retained Earnings, beginning of reporting period	₱1,148,010,259
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the period	(187,500,078)
Unappropriated Retained Earnings, as adjusted	960,510,181
Add: Net Income for the current year	400,201,201
Less: Category F: Other Items that should be excluded from the determination of the amount available for dividends distribution	
Net movement in deferred tax assets	(9,018,170)
Total Retained Earnings, end of the reporting period available for dividend	₱1,351,693,212

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 9 5 0 0 3 8 3 6

COMPANY NAME

Upson International Corp. and Subsidiaries

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

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

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
d_uy@octagon.com.ph	(02) 8 526-7152	0920 960 9377

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
9	May 25	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Anita Lim	a_lim@octagon.com.ph	(02) 8 526-7152	–

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.*

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Upson International Corp. and Subsidiaries
Unit 2308, 23/F Capital House Tower 1
9th Avenue corner 34th Street
Bonifacio Global City, Taguig City

Opinion

We have audited the accompanying consolidated financial statements of Upson International Corp. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended and the Parent Company's statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2023 and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and cash flows for the years then ended, and the Parent Company's financial performance and cash flows for the year ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of financial statements of public interest entities in the Philippines. We have also 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Sale of goods, net of discounts and returns, amounted to ₱12,917.7 million in 2025. We considered revenue recognition as a key audit matter because of the high volume of sale transactions and the Group's multi-location operations. These increased the complexity of monitoring revenue and the completeness of amount of recognized revenue which impacts the Group's profitability.

Our procedures included, among others, a review and examination of the design and implementation of the Group's information technology (IT) general and application controls and key manual controls related to revenue to establish the effectiveness and reliability in capturing revenue transactions. We reviewed and tested journal entries recorded related to the revenue recognized and performed substantive analytical review procedures on the net sales, which involved analyzing trends and comparing the results against expectations developed using historical data to verify the reasonableness of the revenue recognized.

We also reviewed the related disclosures which are included in Note 2, *Summary of Material Accounting Policy Information.*

Accounting for Completeness and Valuation of Merchandise Inventories

Merchandise Inventories, net of allowance for inventory write down and losses, amounted to ₱5,045.2 million as at December 31, 2025. The accounting for the completeness and valuation of merchandise inventories is significant to our audit because merchandise inventories represent 62% of the total assets and consist of high volume and diverse inventory items held across multiple locations. Moreover, determining the appropriate valuation of the merchandise inventories requires extensive monitoring and involves significant judgement and estimation.

Our procedures included, among others, the review of the design and implementation of both IT general controls, application controls and key manual controls related to the inventory management system to ascertain the completeness and validity of inventory records. We observed the conduct of the inventory count, performed test of inventory summarization and reconciliation, and reviewed the intervening transactions from date of inventory count to financial reporting date. We reviewed and tested inventory costing and assessed whether the merchandise inventories are measured at the lower of cost or net realizable value.

We also reviewed the related disclosures in Note 3, *Significant Judgments, Accounting Estimates and Assumptions,* and Note 6, *Merchandise Inventories.*

Accounting for the Recognition and Measurement of Right-of-Use (ROU) Assets and Lease Liabilities

ROU assets and lease liabilities amounted to ₱252.8 million and ₱227.0 million, respectively, as at December 31, 2025. The accounting for the recognition and measurement of ROU assets and lease liabilities are significant to our audit because there were significant additions in 2025 amounting to ₱213.2 million for ROU assets and ₱183.3 million for lease liabilities, mainly attributed the Group's ongoing store network expansion. Moreover, the recognition and measurement of ROU assets and lease liabilities involve the exercise of significant management judgment and estimate that include, among others, (a) assessing whether a contract contains a lease; (b) determining the lease term taking into consideration the renewal options and lease modifications; and (c) determining the appropriate discount rate.

Our procedures included, among others, a review of the newly executed and amended lease agreements to assess whether the arrangement contains a lease to be recognized as additional or remeasurement of ROU assets and lease liabilities and checked the compliance of the Group with the significant provisions of the lease agreements. We assessed the reliability of the data used in the computation of ROU assets and lease liabilities through inspection of source documents. We assessed the reasonableness of incremental borrowing rates used if it approximates the rate that the Group would have to pay to borrow funds for the purchase of similar asset with similar term and security, and the future lease payments through inspection of source documents. On a test basis, we also performed the recalculation of the recognized ROU assets and lease liabilities and assessed the reasonableness of the related amortization of ROU assets and interest expense on lease liabilities.

We also reviewed the related disclosures in Note 2, *Summary of Material Accounting Policy Information*, Note 3, *Significant Judgments, Accounting Estimates and Assumptions*, and Note 16, *Lease Commitments*.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) for the year ended December 31, 2025, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

In preparing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Group'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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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 our audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Darryll Reese Q. Salangad.

REYES TACANDONG & CO.

DARRYLL REESE Q. SALANGAD
Partner
CPA Certificate No.
Tax Identification No.
BOA Accreditation No. Valid until June 6, 2026
SEC Accreditation No.
Issued October 2, 2025
Valid for Financial Period 2029
BIR Accreditation No.
Valid until January 16, 2028
PTR No.
Issued January 2, 2026, Makati City

February 26, 2026
Makati City, Metro Manila

UPSON International Corp.

STATEMENT OF MANAGEMENT'S RESPONSIBIILITY FOR FINANCIAL STATEMENTS

The management of **UPSON International Corp.** (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2025 and 2024 and for the years ended December 31, 2025 and 2024 and the parent company financial statements for the year ended December 31, 2023 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Lawrence Ong Lee
Chairman of the Board

Arlene Louisa T. Sy
President and Chief Executive Officer

Marcos A. Legaspi
Chief Financial Officer

Signed this 26th day of February 2026

Doc. No. 16
Page No. 86
Book No. 51
Series of 2026

SUBSCRIBED AND SWORN
TO BEFORE ME THIS 26 FEB 2026
AT MANILA

GERSON B. GAMAS
Notary Public for the City of Manila
Notarial Commission No. Valid Until Dec. 31, 2026
2nd Floor, Citadel Bldg., Railroad Drive, Brgy. 653, District V, Port Area, 1018, Manila, Metro Manila
Roll No.
IBP No. 12-26-2025 until 12-31-26
PTR No. 01-05-2026; until 12-31-26 City of Manila
MCLE Compliance No. Valid Until April 14, 2028

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2025**	2024*
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱823,354,547**	₱889,350,473
Trade and other receivables	5	**285,619,755**	323,636,707
Merchandise inventories	6	**5,045,187,589**	4,478,855,523
Other current assets	7	**262,893,252**	170,442,146
Total Current Assets		**6,417,055,143**	5,862,284,849
Noncurrent Assets			
Property and equipment	8	**1,306,417,353**	909,145,428
Right-of-use (ROU) assets	16	**252,823,559**	415,453,570
Net deferred tax assets	17	**24,189,917**	17,925,407
Other noncurrent assets	7	**122,219,972**	77,828,402
Total Noncurrent Assets		**1,705,650,801**	1,420,352,807
		₱8,122,705,944	₱7,282,637,656
LIABILITIES AND EQUITY			
Current Liabilities			
Bank loans and trust receipts payable	10	**₱3,267,702,189**	₱2,502,957,649
Trade and other payables	9	**1,203,590,505**	1,187,613,676
Current portion of lease liabilities	16	**142,551,346**	301,608,037
Income tax payable		**46,777,191**	36,710,947
Total Current Liabilities		**4,660,621,231**	4,028,890,309
Noncurrent Liabilities			
Lease liabilities - net of current portion	16	**84,486,121**	97,662,654
Retirement liability	15	**53,907,456**	48,621,746
Total Noncurrent Liabilities		**138,393,577**	146,284,400
Total Liabilities		**4,799,014,808**	4,175,174,709
Equity			
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	**1,382,537,153**	1,171,188,419
Accumulated remeasurement losses on retirement liability	15	**(6,403,699)**	(7,488,896)
Equity attributable to equity holders of the Parent Company		**3,306,441,762**	3,094,007,831
Non-controlling interests	11	**17,249,374**	13,455,116
Total Equity		**3,323,691,136**	3,107,462,947
		₱8,122,705,944	₱7,282,637,656

See accompanying Notes to Financial Statements.

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

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years ended December 31, 2025 and 2024 and

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the Year ended December 31, 2023

			Years Ended December 31	
	Note	**2025**	2024*	2023
NET SALES		**₱12,917,708,126**	₱11,435,255,269	₱10,010,358,499
COST OF SALES	6	**(10,244,234,291)**	(9,070,626,743)	(7,935,894,845)
GROSS INCOME		**2,673,473,835**	2,364,628,526	2,074,463,654
OPERATING EXPENSES	12	**(2,314,859,284)**	(1,916,803,510)	(1,673,064,053)
FINANCE COSTS	10	**(189,621,495)**	(152,538,293)	(123,495,021)
OTHER INCOME	13	**382,583,859**	341,307,910	306,082,355
INCOME BEFORE INCOME TAX		**551,576,915**	636,594,633	583,986,935
PROVISION FOR (BENEFIT FROM) INCOME TAX	17			
Current		**155,560,088**	153,602,522	117,606,658
Deferred		**(6,626,243)**	1,360,227	2,189,459
		148,933,845	154,962,749	119,796,117
NET INCOME		**402,643,070**	481,631,884	464,190,818
OTHER COMPREHENSIVE INCOME (LOSS)				
Item not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain (loss) on retirement liability - net of deferred income tax	15	**1,085,197**	(674,191)	(2,559,921)
TOTAL COMPREHENSIVE INCOME		**₱403,728,267**	₱480,957,693	₱461,630,897
Net Income Attributable to				
Equity holders of the Parent Company		**₱398,848,812**	₱480,176,768	₱464,190,818
Non-controlling interests		**3,794,258**	1,455,116	–
		₱402,643,070	₱481,631,884	₱464,190,818
Total Comprehensive income Attributable to				
Equity holders of the Parent Company		**₱399,934,009**	₱479,502,577	₱461,630,897
Non-controlling interests		**3,794,258**	1,455,116	–
		₱403,728,267	₱480,957,693	₱461,630,897
BASIC/DILUTED EARNINGS PER SHARE	22	**₱0.13**	₱0.15	₱0.16

See accompanying Notes to Financial Statements.

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

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years ended December 31, 2025 and 2024 and

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the Year ended December 31, 2023

		Years Ended December 31		
	Note	2025	2024*	2023
CAPITAL STOCK	11			
Balance at beginning of year		**₱625,000,260**	₱625,000,260	₱500,000,060
Issuances		**–**	–	125,000,200
Balance at end of year		**625,000,260**	625,000,260	625,000,260
ADDITIONAL PAID-IN CAPITAL	11	**1,305,308,048**	1,305,308,048	1,305,308,048
RETAINED EARNINGS	11			
APPROPRIATED FOR CAPITAL EXPENDITURES				
Balance at beginning of year		**–**	78,000,000	–
Appropriation (reversal)		**–**	(78,000,000)	78,000,000
Balance at end of year		**–**	–	78,000,000
UNAPPROPRIATED				
Balance at beginning of year		**1,171,188,419**	800,511,729	552,320,968
Net income		**398,848,812**	480,176,768	464,190,818
Appropriation		**–**	–	(78,000,000)
Reversal of appropriation		**–**	78,000,000	–
Cash dividends		**(187,500,078)**	(187,500,078)	(138,000,057)
Balance at end of year		**1,382,537,153**	1,171,188,419	800,511,729
		1,382,537,153	1,171,188,419	878,511,729
ACCUMULATED REMEASUREMENT LOSSES ON RETIREMENT LIABILITY - Net of deferred income tax	15			
Balance at beginning of year		**(7,488,896)**	(6,814,705)	(4,254,784)
Remeasurement gain (loss)		**1,085,197**	(674,191)	(2,559,921)
Balance at end of year		**(6,403,699)**	(7,488,896)	(6,814,705)
EQUITY ATTRIBUTABLE TO THE HOLDERS OF THE PARENT COMPANY		**3,306,441,762**	3,094,007,831	2,802,005,332
NON-CONTROLLING INTERESTS	11			
Balance at beginning of year		**13,455,116**	–	–
Additions		**–**	12,000,000	–
Net income		**3,794,258**	1,455,116	–
Balance at end of year		**17,249,374**	13,455,116	–
		₱3,323,691,136	₱3,107,462,947	₱2,802,005,332

See accompanying Notes to Financial Statements.

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

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years ended December 31, 2025 and 2024 and

PARENT COMPANY STATEMENT OF CASHFLOWS

For the Year ended December 31, 2023

		Years Ended December 31		
	Note	**2025**	2024*	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱551,576,915**	₱636,594,633	₱583,986,935
Adjustments for:				
Depreciation and amortization	8	**470,418,174**	408,059,413	309,075,012
Finance costs	10	**189,621,495**	152,538,293	123,495,021
Provision for inventory obsolescence	6	**29,340,039**	7,645,875	2,916,376
Gain on lease modification	16	**(17,206,562)**	(70,171)	(102,070)
Retirement expense	15	**6,732,640**	5,851,832	5,018,956
Interest income	4	**(3,749,558)**	(27,085,544)	(46,811,084)
Loss on disposal of property and equipment	13	**1,260**	–	–
Operating income before working capital changes		**1,226,734,403**	1,183,534,331	977,579,146
Decrease (increase) in:				
Trade and other receivables		**35,942,785**	(149,762,918)	(108,765,398)
Merchandise inventories		**(595,672,105)**	(1,135,675,714)	(687,182,591)
Other assets		**(71,761,188)**	(28,316,584)	(25,182,984)
Increase (decrease) in trade and other payables		**10,367,060**	(133,162,984)	61,572,017
Net cash generated from (used for) operations		**605,610,955**	(263,383,869)	218,020,190
Income taxes paid		**(145,493,844)**	(134,067,564)	(187,146,870)
Interest received		**5,823,725**	34,269,459	37,553,002
Net cash provided by (used in) operating activities		**465,940,836**	(363,181,974)	68,426,322
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	8	**(516,757,319)**	(194,533,011)	(219,496,536)
Advances for property acquisition	14	**(95,000,000)**	–	–
Cash used in investing activities		**(611,757,319)**	(194,533,011)	(219,496,536)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Bank loans and trust receipts availments	10	**4,159,268,701**	2,883,052,863	2,611,018,632
Additions to non-controlling interests		**–**	12,000,000	–
Issuances of capital stock		**–**	–	1,430,308,248
Payments of:				
Bank loans and trust receipts	10	**(3,394,524,161)**	(2,147,709,079)	(2,578,049,580)
Lease liabilities	16	**(333,549,907)**	(339,065,432)	(220,119,782)
Interest	21	**(163,873,998)**	(134,586,318)	(119,320,548)
Dividends	21	**(187,500,078)**	(187,500,078)	(413,306,057)
Net cash provided by financing activities		**79,820,557**	86,191,956	710,530,913

(Forward)

	Note	2025	2024*	2023
		Years Ended December 31		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(₱65,995,926)**	(₱471,523,029)	₱559,460,699
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**889,350,473**	1,360,873,502	801,412,803
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**₱823,354,547**	₱889,350,473	₱1,360,873,502
NONCASH FINANCIAL INFORMATION				
Additions and modifications to ROU assets	16	**(₱188,304,029)**	(₱434,237,135)	(₱232,540,827)
Additions and modifications to lease liabilities	16	**141,178,955**	434,081,464	230,344,503
Capitalized borrowing costs	8	**–**	9,042,488	11,074,116

See accompanying Notes to Financial Statements.

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

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at and For the Years ended December 31, 2025 and 2024 and
PARENT COMPANY NOTES TO FINANCIAL STATEMENTS
For the Year ended December 31, 2023

1. Corporate Information

Upson International Corp. (the Parent Company) and its subsidiaries, 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's common shares were listed for trading in the Philippine Stock Exchange on April 3, 2023 (see Note 11).

The Parent Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines which took effect on February 23, 2019, the Company has a perpetual corporate life.

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 and other similar products.

In May 2024, the Parent Company incorporated iStudio with 52% ownership amounting to ₱26.0 million. In July 2024, the Parent Company incorporated UGI with 90% ownership amounting to ₱90.0 million. Thus, the financial statements for 2025 and 2024 were the consolidated financial statements of the Parent Company and its Subsidiaries while the comparative financial statements for 2023 were that of the Parent Company.

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

The registered office address of the Subsidiaries are as follows:

Company Name	Registered Business Address
iStudio Technologies Philippines Corp.	101 ACE Building, Rada Street Legaspi, Village San Lorenzo, Fourth District, Makati City
Upson Global Inc.	Unit 2308, 23/F Capital House Tower 1, 9th Avenue corner 34th Street, Bonifacio Global City, Taguig City

Approval of the Financial Statements
The consolidated financial statements of the Group as at and for the years ended December 31, 2025 and 2024 and the parent company financial statements for the year ended December 31, 2023 were approved and authorized for issuance by the Parent Company's BOD on February 26, 2026, as approved and endorsed by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

The material accounting policies used in the preparation of the financial statements are consistently applied to all the years presented, unless otherwise indicated.

Basis of Preparation and Statement of Compliance
The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. 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 and adopted by the SEC, including SEC pronouncements.

Measurement Bases
The financial statements are presented in Philippine Peso (Peso), which is the Group's functional currency. All values are rounded to nearest Peso, unless otherwise indicated.

The financial statements have been prepared on a historical cost basis, except for lease liabilities and retirement liability which are measured at present value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability. 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values of financial assets and liabilities are disclosed in Note 19.

Adoption of Amendments to PFRS Accounting Standards

The material accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability,* effective for annual periods beginning on or after January 1, 2025.

The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the financial statements of the Group. Additional disclosures were included in the financial statements, as applicable.

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

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the consolidated 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 amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

  - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.

- Amendments to PFRS 9, *Financial Instruments* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, *Financial Instruments*, 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 apply to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
- Amendments to PFRS 10, *Consolidated Financial Statements* – The amendments clarify that when the investor considers its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns is only an example in which judgement is required to determine whether a party is acting as a de facto agent.
- Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures* – This standard is a voluntary standard which permits simplified disclosure requirements for eligible subsidiaries applying PFRS. An entity is eligible to apply PFRS 19 when it does not have public accountability and its parent produces consolidated financial statements available for public use that complies with PFRS disclosure requirements. Earlier application is permitted.

Deferred effectivity –

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investment in Associates - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

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

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries in 2025 and 2024.

Subsidiaries
A subsidiary is an entity in which the Parent Company has control. The Parent Company controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control is generally accompanied by a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Parent Company controls an entity. The Parent Company re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The consolidated financial statements of the subsidiaries are prepared for the same reporting year as that of the Parent Company using uniform accounting policies. Significant intercompany transactions and balances, including intercompany profits, dividends, and unrealized profits and losses, are eliminated in full.

A change in the ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, the Group: (a) derecognizes the assets and liabilities of the subsidiary; (b) derecognizes the carrying amounts of any non-controlling interest; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; and (g) reclassifies the Parent Company's share of components previously recognized in other comprehensive income (OCI) in relation to that subsidiary on the same basis as would be required if the Parent Company had directly disposed of the related assets and liabilities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Non-controlling Interests
Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company, presented within equity in the Group's consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company. Non-controlling interests represent the interests of minority shareholders of iStudio and UGI.

Current and Noncurrent Classification
The Group presents assets and liabilities in the statements of financial position based on current and noncurrent classification.

An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. 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). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 2025 and 2024, the Group does not have financial assets at FVPL and FVOCI, and financial liabilities at FVPL.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL), if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, cash in banks, cash equivalents, trade receivables and accrued interest receivable are classified under this category. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and which are subject to an insignificant risk of changes in value.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2025 and 2024, trade and other payables (excluding statutory payables), bank loans and trust receipts payable, and lease liabilities are classified under this category.

Impairment of Financial Assets
The Group recognizes an allowance for ECL on its financial assets at amortized cost.

Trade Receivables. The Group recognizes lifetime ECL which are estimated using a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors, general economic condition and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments at Amortized Cost. The Group measures the ECL on its other financial assets at amortized cost based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. 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 before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Reclassification
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the continuing involvement of the Group in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability. Net fees shall include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Merchandise Inventories
Merchandise inventories are stated at the lower of cost and net realizable value (NRV). NRV represents the estimated selling price less all estimated costs to sell. Cost of merchandise inventories includes all costs of purchase and other costs incurred to bring the merchandise inventories to its present condition and location. Cost is determined using moving average method. In determining the estimated selling price less cost to sell, the Group considers any adjustment necessary for obsolescence.

When the NRV of the merchandise inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of merchandise inventories, arising from an increase in NRV, is recognized as a reduction in the amount of merchandise inventories recognized as expense in the year in which the reversal occurs.

Advances to Suppliers
Advances to suppliers consist of advance payments made to suppliers for the purchase of inventory. Advances to suppliers are measured at the amount of cash paid. Advances to suppliers are applied against billings upon receipt of inventory purchased.

Other Assets

Other assets include refundable lease deposits, advances for property acquisition, prepayments and creditable withholding tax.

Refundable Lease Deposits. Refundable lease deposits pertain to deposits as required under the lease agreements to cover for repairs on damaged leased properties, which are refundable at the end of the lease term if unutilized. Refundable lease deposits are initially recorded at transaction cost and subsequently measured at cost less any impairment loss. Refundable lease deposits that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Advances for Property Acquisition. Advances for property acquisition represent amounts paid in advance for the acquisition of properties. Advances for property acquisition are measured at the amount of cash paid. Advances for property acquisition are classified as noncurrent assets and will be reclassified to property and equipment upon completion of the purchase transaction.

Prepayments. Prepayments represent expenses not yet incurred but paid in advance. Prepayments are apportioned over the period covered by the payment and charged to the appropriated account in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as noncurrent assets.

Creditable Withholding Taxes. Creditable withholding taxes (CWT) represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Property and Equipment

Land and buildings held for use in the supply of goods or for administrative purposes, transportation equipment and other items of property and equipment are stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditures relating to an item of property and equipment that has already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in profit or loss in the period in which those are incurred.

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes contractor fees and other construction costs; and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation and amortization of these assets, determined on the same basis as other items of property and equipment, commence when the assets are ready for their intended use.

Land is not depreciated and subsequently measured at cost less impairment loss, if any. Building, building improvements, leasehold improvements, store furniture and equipment, transportation equipment, and furniture and fixtures are subsequently measured at cost less accumulated depreciation, amortization and any impairment losses.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of property and equipment as follows:

	Number of Years
Building and building improvements	20-25
Leasehold improvements	3 years or the term of lease whichever is shorter
Store furniture and equipment	3-5
Transportation equipment	5
Furniture and fixtures	3

The estimated useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use and no further depreciation and amortization are credited or charged to operations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that the nonfinancial assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The fair value less cost to sell is the amount obtainable from the sale of the asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset is written down to its recoverable amount. Any impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years.

Initial Public Offering (IPO) Costs

IPO costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties, among others. These transaction costs incurred in issuing the Parent Company's own equity instruments during IPO, are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Capital Stock
Capital stock is measured at par value for all shares issued and outstanding.

Additional Paid-in Capital (APIC)
APIC represents the excess of proceeds or fair value of the consideration received over the par value of the shares issued net of directly attributable stock issuance costs.

Retained Earnings
Retained earnings represent the cumulative balance of the Group's results of operations, net of any dividend declaration.

Dividend Distribution
Dividend distribution to stockholders is deducted from retained earnings in the year the dividends are declared and approved.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) pertains to the accumulated remeasurement gains or losses on the Group's retirement liability arising from experience adjustments and changes in financial assumptions. Remeasurements of retirement liability, and the corresponding deferred tax component, are recognized immediately in other comprehensive income (OCI) and presented as a separate line item within equity. These are not reclassified to profit or loss in subsequent periods.

Basic and Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year by the weighted average number of shares outstanding during the year, with retroactive adjustments for any stock dividends declared and share split. If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the consolidated financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Where the EPS effect of potential dilutive ordinary shares would be anti-dilutive, basic and diluted EPS are stated at the same amount.

Segment Reporting
An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time. the Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent.

The Group has assessed that it acts as a principal in all of its revenue sources. Moreover, the Group generates its revenues from sale of goods which are recognized at a point in time.

Net Sales. Revenue is recognized upon delivery or pick up of goods and measured at the fair value of the consideration received or receivable, net of returns and trade discounts.

For revenue from other sources, the following specific recognition criteria must be met before revenue is recognized:

Interest Income. Interest income is recognized as the interest accrues using the effective interest method.

Other Income. Income is recognized when earned.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in asset or an increase in liability has arisen that can be measured reliably.

Cost of Sales. Cost of sales is recognized as expense when the significant risk and rewards of ownership of the goods have passed to the buyer and the amount of cost can be measured reliably, which is normally upon transfer of goods to the buyer.

Operating expenses. Operating expenses constitute costs of administering the business, and the costs of selling and marketing the merchandise inventories for sale. These are recognized in profit or loss as incurred.

Borrowing Costs

Borrowing costs consist of interest and other financing costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the development of the Group's projects that necessarily take a substantial period of time to get ready for its intended use are capitalized. Capitalization of borrowing costs commences when activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. All other borrowing costs are recognized as expense in the period these are incurred based on the effective interest method.

Leases

The Group assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and

ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential lease component.

The Group as a Lessee. At the commencement date, the Group recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Group measures ROU assets at cost. The cost comprises:

i. the amount of the initial measurement of lease liabilities;

ii. any lease payments made at or before the commencement date less any lease incentives received;

iii. any initial direct costs; and

iv. an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

The ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the lease terms ranging from more than one (1) year to three (3) years. The ROU assets are assessed for impairment at reporting date if there is any indication that the carrying amount will not be recovered through continued use.

Lease Liabilities. At commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

i. fixed payments, including in-substance fixed payments;

ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

iii. amounts expected to be payable by the lessee under residual value guarantees; and

iv. the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

When a lease modification that is not accounted for as a separate lease becomes effective, the Group remeasures the lease liability using a revised discount rate. For modifications that decrease the scope of the lease, the Group decreases the carrying amount of the ROU asset to reflect the partial or full termination of the lease and recognizes any resulting gain or loss in profit or loss. For all other modifications, a corresponding adjustment is made to the ROU asset. If the carrying amount of the ROU asset is reduced to zero and there is a further reduction in the lease liability, the remaining amount is recognized in profit or loss.

Employee Benefits

Short-term Benefits. The Group recognizes a liability for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Retirement Benefits. The Group has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement expense is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs and interest cost, in profit or loss. Interest cost is calculated by applying the discount rate to the retirement liability.

Remeasurements comprising actuarial gains and losses and any change in the effect of the asset ceiling (excluding interest on retirement liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability, which is the present value of the retirement liability on which the obligations are to be settled directly, is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Foreign Currency Transactions and Translation
Transactions in currencies other than Peso are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on retranslation are included in profit or loss for the year.

Related Party Relationships and Transactions
Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities. An entity is also related to the Group when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Transactions with related parties are accounted for at arm's length prices or terms similar to those offered to non-related entities in an economically comparable market.

Related party transactions are considered material and/or significant if, individually or in aggregate over a twelve (12)-month period with the same related party, these transactions amount to 10% or higher of the Group's total assets.

Income Tax

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carry over (NOLCO) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

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

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively.

VAT
Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,

- receivables and payables that are stated with the amount of VAT included.

The amount of VAT payable to the taxation authority is included as part of "Statutory payables" under "Trade and other payables" account in the consolidated statements of financial position.

Provisions
Provisions, if any, are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance costs. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingencies
Contingent liabilities and assets are not recognized in the financial statements. Contingent liabilities are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are disclosed in the notes to financial statements when inflows of economic benefits are probable.

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

3. Significant Judgments, Accounting Estimates and Assumptions

In applying the Group's accounting policies, management is required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgment and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

The critical judgments, apart from those involving estimations, that the management has made and that have the most significant effect on the amounts recognized in the financial statements are discussed below.

Classifying Financial Instruments. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's statements of financial position.

Classifying Lease Commitments - Group as a Lessee. The Group has entered into commercial property leases for its office, stores and warehouse spaces. For the Group's non-cancellable lease, the Group recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Group's incremental borrowing rate. The Group availed of the exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Assessing the Renewal Options of Lease Agreements. The Group's lease agreements contain renewal options that is exercisable upon the mutual agreement of the Group and the lessors. the Group makes an assessment, at the commencement of the lease, whether the renewal options will be considered by the Group in determining the lease term. As at December 31, 2025 and 2024, the Group has assessed that the renewal options of the lease agreements will not be considered in determining the lease term since the renewal options are required to be mutually agreed between the Group and the lessors.

Determining the Appropriate Discount Rate for Lease Payments. The Group's ROU assets and lease liabilities are initially measured at the present value of lease payments. In determining the appropriate discount rate, the Group considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings and the term of each lease commitment. The Group determined that the implicit rate in the lease agreements is not readily available. The Group used the incremental borrowing rate to determine the present value of ROU assets and lease liabilities.

Determining the Reportable Operating Segments. Determination of operating segments is based on the information about components of the Group that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Group reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

The Group determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic segment.

As at December 31, 2025 and 2024, the Group's operating segments consist of retail of information and communications technology (ICT) products and retail of water filtration and purification devices. Operating segment information are disclosed in Note 23. In 2023, the Group's operating segment comprises solely of ICT products.

Determining Control over Investee Companies. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group has assessed that it has control over iStudio and UGI by virtue of its majority share in ownership representing 52% and 90%, respectively.

Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimate at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

Assessing the ECL on Trade Receivables. The Group applies the simplified approach in measuring ECL on trade receivables which uses a lifetime ECL allowance using a provision matrix. Depending on the diversity of its debtor's base, the Group uses its historical credit loss experience adjusted for forward-looking factors, as applicable.

The Group has assessed that the ECL on trade receivables are not material as these pertain mainly to receivables from credit card companies and reputable third parties which are generally collected within three (3) to thirty (30) days from the date of transaction. No ECL was recognized for trade receivables in 2025, 2024 and 2023.

The carrying amounts of trade receivables are disclosed in Note 5.

Assessing the ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL on other financial assets at amortized cost using the general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets. The provision for ECL recognized during the period is limited to 12 months ECL because the Group's other financial assets at amortized cost are considered to have low credit risk. When there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

The information about the ECL on the Group's other financial assets at amortized cost, comprising of cash in banks, cash equivalents and accrued interest receivable, is disclosed in Note 18 to the financial statements. The carrying amounts of the Group's cash in banks and cash equivalents, and accrued interest receivable as at December 31, 2025 and 2024 are disclosed in Notes 4 and 5, respectively.

Estimating the NRV of Merchandise Inventories. The NRV of merchandise inventories represents the estimated selling price for the asset less all estimated costs necessary to make the sale. The Group determines the estimated selling price based on the recent sale transactions of similar goods with adjustments to reflect any changes in economic conditions since the date the transactions occurred. The Group writes down the carrying amount of merchandise inventory for the excess of carrying amount over its NRV or fair value less cost to sell. While the Group believes that the estimates are reasonable and appropriate, significant differences in the actual experience or significant changes in estimates may materially affect the profit or loss and equity.

The carrying amounts of merchandise inventories as at December 31, 2025 and 2024 are disclosed in Note 6. No merchandise inventories were written off in 2025, 2024 and 2023. Provision for inventory obsolescence amounted to ₱29.3 million, ₱7.6 million and ₱2.9 million in 2025, 2024 and 2023, respectively. Allowance for inventory obsolescence amounted to ₱88.8 million ₱59.4 million as at December 31, 2025 and 2024, respectively.

Estimating the Useful Lives of ROU Assets and Property and Equipment. The useful lives of the Group's ROU assets and property and equipment (except land and construction in progress) are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives 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 the Group's ROU assets and property and equipment. In addition, the estimation of the useful lives is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of ROU assets and property and equipment would increase the recognized expenses and decrease noncurrent assets.

As at December 31, 2025 and 2024, the carrying amounts of property and equipment and ROU assets are disclosed in Notes 8 and 16. There were no changes in the estimated useful lives of these property and equipment and ROU assets in 2025, 2024 and 2023.

Assessing the Impairment of Nonfinancial Assets. The Group is required to perform an impairment assessment when certain impairment indicators are present. Determining the value in use of nonfinancial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause the Group to conclude that nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

The carrying amounts of the Group's nonfinancial assets are as follows:

	Note	2025	2024
Property and equipment	8	**₱1,306,417,353**	₱909,145,428
Other assets	7	**385,113,224**	248,270,548
ROU assets	16	**252,823,559**	415,453,570
Advances to a stockholder	5	**31,791,848**	31,791,848
Advances to officers and employees	5	**4,730,722**	2,001,418
Advances to suppliers	5	**494,297**	3,033,601

There were no impairment losses recognized on nonfinancial assets in 2025, 2024 and 2023.

Estimating Retirement Liability. The determination of the retirement liability and expense is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Actual results that differ from the assumptions are accumulated and are recognized in OCI. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement liability.

The carrying amounts of retirement liability, retirement expense and the assumptions used in calculating such amounts, which include among others, discount rates and expected rates of salary increase, are disclosed in Note 15.

Assessing the Realizability of Deferred Tax Assets. The Group reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The carrying amounts of deferred tax assets recognized in the statements of financial position are disclosed in Note 17. The Group has assessed that it is not probable that there will be sufficient future taxable income for which the temporary difference of the subsidiary can be applied. Consequently, the Group did not recognize deferred tax asset on temporary difference of the subsidiary. Details of unrecognized deferred tax assets are disclosed in Note 17.

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	**₱11,909,442**	₱2,611,864
Cash in banks	**811,445,105**	585,287,104
Cash equivalents	**–**	301,451,505
	₱823,354,547	₱889,350,473

Cash in banks earn interest at prevailing bank deposit rates which are readily available for use. Cash equivalents pertain to time deposit with maturity term of three months and earns interest ranging from 4.00% to 5.25% per annum in 2025, 2024 and 2023.

As at December 31, 2024, the cash and cash equivalents include the unapplied IPO proceeds amounting to ₱590.6 million (see Note 11).

Details of interest income are as follows (see Note 13):

	2025	2024	2023
Cash in banks	**₱1,270,856**	₱2,730,178	₱680,425
Cash equivalents	**2,478,702**	24,355,366	46,130,659
	₱3,749,558	₱27,085,544	₱46,811,084

Accrued interest receivable from cash equivalents amounted to nil and ₱2.1 million as at December 31, 2025 and 2024, respectively (see Note 5).

5. Trade and Other Receivables

This account consists of:

	Note	2025	2024
Trade		**₱248,602,888**	₱284,735,673
Advances to:			
Stockholder	14	**31,791,848**	31,791,848
Officers and employees		**4,730,722**	2,001,418
Suppliers		**494,297**	3,033,601
Accrued interest receivable	4	**–**	2,074,167
		₱285,619,755	₱323,636,707

Trade receivables are noninterest-bearing and are generally settled within three to 30 days after the reporting period. No ECL was recognized for trade receivables in 2025, 2024 and 2023.

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

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

6. Merchandise Inventories

The merchandise inventories are carried at net realizable value as at December 31, 2025 and 2024. The related cost of the merchandise amounted to ₱5,133.9 million and ₱4,538.3 million as at December 31, 2025 and 2024, respectively. Details of merchandise inventories at net realizable value are as follows:

	2025	2024
Computers and peripherals	**₱2,936,608,307**	₱2,716,216,686
Accessories	**846,049,456**	718,707,249
Mobile phones	**765,802,799**	610,723,315
Printers and scanners	**393,543,984**	339,756,426
Consumables	**95,907,929**	93,451,847
Water filtration devices	**7,275,114**	–
	₱5,045,187,589	₱4,478,855,523

Movements in the allowance for inventory obsolescence are as follows:

	2025	2024	2023
Balance at beginning of year	**₱59,414,868**	₱51,768,993	₱48,852,617
Provision for inventory obsolescence	**29,340,039**	7,645,875	2,916,376
Balance at end of year	**₱88,754,907**	₱59,414,868	₱51,768,993

Under the terms of agreements, merchandise inventories amounting to ₱3,359.3 million and ₱2,583.1 million as at December 31, 2025 and 2024, respectively, are covered by trust receipts issued by local banks (see Note 10).

Merchandise inventories charged to cost of sales amounted to ₱10,244.2 million, ₱9,070.6 million and ₱7,935.9 million in 2025, 2024 and 2023, respectively, including provision for inventory obsolescence.

In 2025, the Company classified provision for inventory obsolescence as "Cost of Sales" in the statement of comprehensive income. The 2024 and 2023 were accordingly reclassified from "Operating expenses" to "Cost of sales" to be comparative with the 2025 presentation. The reclassification did not have an effect on the statement of financial position as at December 31, 2024 and the statement of changes in equity and statement of cash flows for the year ended December 31, 2024 and the Parent Company statement of changes in equity and statement of cash flows for the year ended December 31, 2023.

7. Other Assets

Other Current Assets

This account includes:

	Note	2025	2024
Refundable lease deposits	16	**₱238,275,938**	₱165,973,566
Prepayments		**24,567,547**	4,468,580
Creditable withholding taxes		**49,767**	–
		₱262,893,252	₱170,442,146

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

Other Noncurrent Assets

This account includes:

	Note	2025	2024
Advances for property acquisition	14	**₱95,000,000**	₱–
Noncurrent portion of refundable lease deposits	16	**27,219,972**	77,828,402
		₱122,219,972	₱77,828,402

8. Property and Equipment

Movements and balances in this account are as follows:

	December 31, 2025							
	Land	Building and Building Improvements	Leasehold Improvements	Store Furniture and Equipment	Transportation Equipment	Furniture and Fixtures	Construction in Progress	Total
Cost								
Balance at beginning of year	₱201,025,000	₱208,474,487	₱687,123,753	₱187,850,225	₱151,661,594	₱113,556,988	₱238,881,541	₱1,788,573,588
Additions	273,832,303	78,417,697	69,339,230	25,510,414	1,859,723	27,653,257	40,144,695	516,757,319
Disposal	–	–	–	–	–	(1,350)	–	(1,350)
Reclassifications	–	19,642,857	43,281,853	–	–	(107,347)	(62,817,363)	–
Balance at end of year	474,857,303	306,535,041	799,744,836	213,360,639	153,521,317	141,101,548	216,208,873	2,305,329,557
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	32,542,233	511,423,068	109,912,605	126,910,308	98,639,946	–	879,428,160
Depreciation and amortization	–	12,081,311	70,981,755	18,980,204	6,845,442	10,595,422	–	119,484,134
Disposal	–	–	–	–	–	(90)	–	(90)
Balance at end of year	–	44,623,544	582,404,823	128,892,809	133,755,750	109,235,278	–	998,912,204
Carrying Amount	₱474,857,303	₱261,911,497	₱217,340,013	₱84,467,830	₱19,765,567	₱31,866,270	₱216,208,873	₱1,306,417,353

	December 31, 2024							
	Land	Building and Building Improvements	Leasehold Improvements	Store Furniture and Equipment	Transportation Equipment	Furniture and Fixtures	Construction in Progress	Total
Cost								
Balance at beginning of year	₱201,025,000	₱208,474,487	₱609,482,926	₱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)	–
Balance at end of year	201,025,000	208,474,487	687,123,753	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	–	24,281,885	448,924,870	89,095,323	112,642,606	90,634,481	–	765,579,165
Depreciation and amortization	–	8,260,348	62,498,198	20,817,282	14,267,702	8,005,465	–	113,848,995
Balance at end of year	–	32,542,233	511,423,068	109,912,605	126,910,308	98,639,946	–	879,428,160
Carrying Amount	₱201,025,000	₱175,932,254	₱175,700,685	₱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 additional stores which are expected to be completed in 2026. As at December 31, 2025, the estimated total cost to complete the warehouse and store branches amounted to ₱8.7 million. In 2025, 2024 and 2023, borrowing costs amounting to nil, ₱9.0 million and ₱11.1 million respectively, were capitalized. Capitalization rate used in 2025, 2024 and 2023 were nil, 7.74% and 5.69%, respectively (see Note 10). The capitalized borrowing costs were presented as non-cash financial information in the statements of cash flows.

In 2025, the Group disposed furniture and fixtures with a total cost of ₱1,350 resulting to a loss on disposal of property and equipment amounting to ₱1,260 (see Note 13).

The Group's building with a carrying amount of ₱150.5 million and ₱157.7 million as at December 31, 2025 and 2024, respectively, together with a related party's land were used as a collateral for a Group's bank loans amounting to ₱300.0 million and ₱250.0 million as at December 31, 2025 and 2024, respectively (see Note 10). Moreover, these properties were also used as a collateral for a related party's loan with a local bank (see Note 14).

Fully depreciated property and equipment still being used by the Group amounted to ₱804.0 million and ₱322.2 million as at December 31, 2025 and 2024, respectively.

Depreciation and amortization are recognized from:

	Note	2025	2024	2023
ROU assets	16	**₱350,934,040**	₱294,210,418	₱208,427,954
Property and equipment		**119,484,134**	113,848,995	100,647,058
		₱470,418,174	₱408,059,413	₱309,075,012

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

	2025	2024	2023
Selling and marketing expenses	**₱396,702,358**	₱318,696,401	₱219,442,677
General and administrative expenses	**73,715,816**	89,363,012	89,632,335
	₱470,418,174	₱408,059,413	₱309,075,012

9. Trade and Other Payables

This account consists of:

	2025	2024
Trade	**₱1,107,004,232**	₱1,142,591,736
Accrued expenses	**20,756,667**	8,164,973
Retention payables	**6,597,581**	5,678,831
Statutory payables	**65,545,537**	25,567,738
Others	**3,686,488**	5,610,398
	₱1,203,590,505	₱1,187,613,676

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

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.

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

Others pertain to refundable customer deposits and other nontrade payables which are normally settled in the next reporting period.

10. Bank Loans and Trust Receipts Payable

Movements and balances in this account are as follows:

	2025		
	Bank Loans	**Trust Receipts**	**Total**
Balance at beginning of year	**₱1,216,666,667**	**₱1,286,290,982**	**₱2,502,957,649**
Availments	**800,000,000**	**3,359,268,701**	**4,159,268,701**
Payments	**(841,666,667)**	**(2,552,857,494)**	**(3,394,524,161)**
Balance at end of year	**₱1,175,000,000**	**₱2,092,702,189**	**₱3,267,702,189**

	2024		
	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 December 31, 2025 and 2024, the bank loans and trust receipts have terms of three months to one year, subject to refinancing upon approval of the creditor bank. Bank loans were obtained for working capital purposes and capital expenditures of the Group. Bank loans amounting to ₱300.0 million and ₱250.0 million as at December 31, 2025 and 2024, respectively, were secured by a related party's land and the Group's building with a carrying amount of ₱150.5 million and ₱157.7 million as at December 31, 2025 and 2024, respectively (see Note 8). The bank loans are secured by continuing suretyship of the majority shareholders of the Parent Company and a related party (see Note 14). Trust receipts were obtained to finance the purchase of merchandise inventories. Interest rates on the bank loans and trust receipts range from 5.88% to 8.00% in 2025, 5.63% to 8.00% in 2024 and 4.88% to 9.25% in 2023.

Trust Receipts

Under the terms of agreements, merchandise inventories amounting to ₱3,359.3 million and ₱2,583.1 million as at December 31, 2025 and 2024, respectively, were covered by trust receipts issued by local banks (see Note 6).

Covenants

As at December 31, 2025 and 2024, the Group's bank loans were not subject to any loan covenants.

Details of finance costs charged to operations are as follows:

	Note	2025	2024	2023
Interest on trust receipts		**₱88,548,660**	₱63,929,788	₱68,676,271
Interest on bank loans		**80,935,107**	68,590,006	51,534,693
Accretion of interest on lease liabilities	16	**20,137,728**	29,060,987	14,358,173
		189,621,495	161,580,781	134,569,137
Less capitalized borrowing cost	8	**–**	(9,042,488)	(11,074,116)
		₱189,621,495	₱152,538,293	₱123,495,021

Accrued interest payable presented under "Accrued expenses" in the "Trade and other payables" account in the statements of financial position amounted to ₱7.4 million and ₱1.8 million as at December 31, 2025 and 2024, respectively (see Note 21).

11. Equity

Capital Stock

The Parent Company's capital stock comprises of common shares with par value of ₱0.20 a share as at December 31, 2025 and 2024.

Details of capital stock follow:

	2025		2024		2023	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized						
Balance at beginning and end of year	**6,250,000,000**	**₱1,250,000,000**	6,250,000,000	₱1,250,000,000	6,250,000,000	₱1,250,000,000
Issued and Outstanding						
Balance at beginning of year	**3,125,001,300**	**₱625,000,260**	3,125,001,300	₱625,000,260	2,500,000,300	₱500,000,060
Issuances	**–**	**–**	–	–	625,001,000	125,000,200
Balance at end of year	**3,125,001,300**	**₱625,000,260**	3,125,001,300	₱625,000,260	3,125,001,300	₱625,000,260

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 December 31, 2024 amounting to ₱590.6 million are maintained in the Group's cash in bank and cash equivalents (see Note 4). As at December 31, 2025, the Group has fully utilized the proceeds from the IPO.

Pursuant to the PSE's rules on minimum public ownership, at least 20% of the issued and outstanding shares of a listed company must be owned and held by the public. Public ownership over the Parent Company as at December 31, 2025 and 2024 were 25.63% and 21.74%, respectively.

APIC, 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 as at December 31, 2025 and 2024.

Retained Earnings

Appropriations
On March 24, 2023, the BOD approved the appropriation of retained earnings amounting to ₱78.0 million for the construction of a warehouse. The completion of the construction of the warehouse was extended to 2024. On November 9, 2023, the BOD approved the retention of the appropriation. On March 21, 2024, the BOD approved the reversal of retained earnings appropriated for the construction of a warehouse amounting to ₱78.0 million.

Dividend Declaration
Details of the cash dividends declared by the Parent Company in 2025, 2024 and 2023 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

No dividends payable were outstanding as at December 31, 2025 and 2024.

Non-controlling Interests
The Group's non-controlling interests represent ownership of non-controlling interests' stockholders of iStudio (48%) and UGI (10%). As at December 31, 2025 and 2024, the non-controlling interests amounted to ₱17.2 million and ₱13.5 million, respectively.

No dividends were paid to non-controlling interests in 2025, 2024 and 2023. There are no dividends payable to non-controlling interests as at December 31, 2025 and 2024.

12. Operating Expenses

This account consists of:

	2025	2024	2023
Selling and marketing expenses	**₱1,878,647,371**	₱1,550,222,473	₱1,335,896,874
General and administrative expenses	**436,211,913**	366,581,037	337,167,179
	₱2,314,859,284	₱1,916,803,510	₱1,673,064,053

Selling and marketing expenses consist of:

	Note	2025	2024	2023
Merchant discount		**₱460,494,327**	₱387,586,919	₱304,859,917
Personnel costs		**413,386,320**	344,604,638	296,953,998
Depreciation and amortization	8	**396,702,358**	318,696,401	219,442,677
Rent	16	**234,876,334**	200,452,585	251,986,409
Utilities		**169,704,604**	145,193,801	131,221,218
Contracted and other services		**168,779,773**	130,077,550	97,759,776
Advertising		**14,018,912**	7,293,865	15,129,392
Freight and delivery		**13,986,143**	11,832,447	14,765,157
Retirement expense	15	**5,488,894**	4,484,267	3,778,330
Others		**1,209,706**	–	–
		₱1,878,647,371	₱1,550,222,473	₱1,335,896,874

General and administrative expenses consist of:

	Note	2025	2024	2023
Taxes and licenses		**₱141,907,387**	₱80,380,331	₱61,079,416
Personnel costs		**117,384,892**	102,448,544	97,505,755
Depreciation and amortization	8	**73,715,816**	89,363,012	89,632,335
Transportation and travel		**19,478,575**	16,295,947	12,156,859
Repairs, warranties and maintenance		**19,126,016**	19,699,558	12,504,093
Stationery and supplies		**17,602,586**	15,103,463	13,635,938
Representation		**13,185,652**	14,584,295	8,301,601
Professional fees		**11,771,295**	9,052,787	8,088,818
Insurance		**3,672,543**	6,267,605	7,817,667
Retirement expense	15	**1,243,746**	1,367,565	1,240,626
IPO expense		**–**	–	16,546,052
Rent	16	**–**	–	492,696
Others		**17,123,405**	12,017,930	8,165,323
		₱436,211,913	₱366,581,037	₱337,167,179

Personnel costs consist of:

	2025	2024	2023
Salaries and wages	**₱453,211,428**	₱393,613,526	₱346,795,528
Other employee benefits	**77,559,784**	53,439,656	47,664,225
	₱530,771,212	₱447,053,182	₱394,459,753

13. Other Income

This account consists of:

	Note	2025	2024	2023
Gain on lease modification	16	**₱17,206,562**	₱70,171	₱102,070
Realized foreign exchange gain		**7,702,027**	8,828,916	7,472,929
Interest income	4	**3,749,558**	27,085,544	46,811,084
Loss on disposal of property and equipment	8	**1,260**	–	–
Other income		**353,924,452**	305,323,279	251,696,272
		₱382,583,859	₱341,307,910	₱306,082,355

Other income includes product advertising and promotional support granted by suppliers. These are the suppliers' marketing initiatives and are recognized as income at a point in time or when the right to compensation is established.

14. Related Party Transactions

The Group has transactions with related parties in the ordinary course of business as follows:

	Nature of Transaction	Transactions during the Year			Outstanding Balance	
		2025	2024	2023	**2025**	2024
Trade and Other Receivables (see Note 5)						
Stockholder	Advances for business development expenses	**₱–**	₱–	₱31,791,848	**₱31,791,848**	₱31,791,848
Advances for Property Acquisition (see Note 7)						
Entity under common control	Acquisition of properties	**₱401,250,000**	₱–	₱–	**₱95,000,000**	₱–
Trade and Other Payables						
Entity under common control	Advances (payments)	**₱–**	(₱25,403,485)	₱–	**₱–**	₱–
Lease Arrangement (see Note 16)						
Entity under common control	ROU asset amortization	**(₱44,551,594)**	(₱66,983,862)	(₱68,963,541)	**₱29,543,929**	₱67,547,562
	Lease liability payments	**(31,611,980)**	(71,317,521)	(68,402,482)	**-**	70,011,098
	Gain on lease modification	**(15,781,850)**	(70,171)	–	**–**	–

Terms and Conditions

Advances to a Stockholder
Advances to a stockholder are unsecured and noninterest-bearing advances for business development expenses. The potential business opportunity, however, did not materialize as expected in 2025. The advances to a stockholder have been settled in 2026.

Advances for Property Acquisition
In 2025, the Group acquired properties from a related party totaling ₱401.3 million. As at December 31, 2025, the documentation for the purchase of properties amounting to ₱95.0 million with a related party have not yet been completed, hence, these amounts are presented as advances for property acquisition under "Other noncurrent assets" in the statements of financial position (see Note 7).

A parcel of land owned by a related party was used as a collateral for the Group's bank loan. (see Note 8).

There were no guarantees provided or received for any related party receivables or payables as at December 31, 2025 and 2024. The Group has not recognized any impairment on amounts due from related parties in 2025, 2024 and 2023. This assessment is undertaken each financial year through a review of the financial position of the related parties and the market in which the related parties operate.

Continuing Suretyship
The majority stockholders of the Parent Company and a related party have a continuing suretyship over the Group's bank loans as at December 31, 2025 and 2024.

Compensation of Key Management Personnel
The remuneration of the key management personnel of the Group are set out below:

	2025	2024	2023
Short-term employee benefits	**₱11,252,030**	₱6,853,860	₱6,853,860
Post-employment benefits	**672,411**	665,628	665,628
	₱11,924,441	₱7,519,488	₱7,519,488

15. Retirement Liability

The Group has an unfunded, non-contributory defined benefit plan covering 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, 2025.

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 consolidated statements of comprehensive income is as follows:

	2025	2024	2023
Current service cost	**₱3,766,714**	₱3,255,830	₱2,544,484
Interest cost	**2,965,926**	2,596,002	2,474,472
	₱6,732,640	₱5,851,832	₱5,018,956

Retirement expense is charged to the following (see Note 12):

	2025	2024	2023
Selling and marketing expenses	**₱5,488,894**	₱4,484,267	₱3,778,330
General and administrative expenses	**1,243,746**	1,367,565	1,240,626
	₱6,732,640	₱5,851,832	₱5,018,956

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

	2025	2024
Balance at beginning of year	**₱48,621,746**	₱41,870,993
Current service cost	**3,766,714**	3,255,830
Interest cost	**2,965,926**	2,596,002
Remeasurement losses (gains) from:		
Changes in financial assumptions	**(2,644,823)**	597,575
Experience adjustments	**1,197,893**	301,346
Balance at end of year	**₱53,907,456**	₱48,621,746

The assumptions used to determine retirement liability are as follows:

	2025	2024	2023
Discount rate	**6.50%**	6.10%	6.20%
Salary increase rate	**3.00%**	3.00%	3.00%

The sensitivity analyses based on reasonably possible changes of the assumptions as at December 31, 2025 follow:

	Basis Points	Effect on Present Value of Retirement Liability
Discount rate	+100	(₱4,077,471)
	-100	10,971719
Salary increase rate	+100	7,808,071
	-100	(6,882,316)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligation 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 December 31, 2025 is 14 years.

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

	2025		
	Accumulated Remeasurement Losses	**Deferred Income Tax (see Note 17)**	**Net**
Balance at beginning of year	**₱9,985,195**	**(₱2,496,299)**	**₱7,488,896**
Remeasurement gain	**(1,446,930)**	**361,733**	**(1,085,197)**
Balance at end of year	**₱8,538,265**	**(₱2,134,566)**	**₱6,403,699**

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

	2023		
	Accumulated Remeasurement Losses	Deferred Income Tax (see Note 17)	Net
Balance at beginning of year	₱5,673,046	(₱1,418,262)	₱4,254,784
Remeasurement loss	3,413,228	(853,307)	2,559,921
Balance at end of year	₱9,086,274	(₱2,271,569)	₱6,814,705

Risks Associated with the Retirement Plan

- *Interest Rate Risks.* The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

- *Longevity and Salary Risks.* The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

As at December 31, 2025, the expected future benefit payments are as follows:

	Amount
More than 1 year to 5 years	₱14,508,815
More than 5 years to 10 years	11,382,245
More than 10 years	424,127,232

16. **Lease Commitments**

Short-term Lease

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

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

	2025	2024	2023
Selling and marketing expenses	**₱234,876,334**	₱200,452,585	₱251,986,409
General and administrative expenses	**–**	–	492,696
	₱234,876,334	₱200,452,585	₱252,479,105

Long-term Lease

The Group has non-cancellable lease agreements with a related party and third parties for its warehouse, office, parking lots and certain 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	**2025**	2024
Cost			
Balance at beginning of year		**₱1,684,558,558**	₱1,250,321,423
Additions		**213,212,328**	436,096,715
Effect of lease modification		**(49,645,301)**	(1,859,580)
Balance at end of year		**1,848,125,585**	1,684,558,558
Accumulated amortization			
Balance at beginning of year		**1,269,104,988**	974,894,570
Amortization	8	**350,934,040**	294,210,418
Effect of lease modification		**(24,737,002)**	–
Balance at end of year		**1,595,302,026**	1,269,104,988
Carrying Amount		**₱252,823,559**	₱415,453,570

Lease Liabilities

The balance and movements in lease liabilities are as follows:

	Note	2025	2024
Balance at beginning of year		**₱399,270,691**	₱275,193,672
Additions		**183,293,816**	436,011,215
Payments		**(333,549,907)**	(339,065,432)
Accretion	10	**20,137,728**	29,060,987
Effect of lease modification		**(42,114,861)**	(1,929,751)
Balance at end of year		**227,037,467**	399,270,691
Current portion		**142,551,346**	301,608,037
Noncurrent portion		**₱84,486,121**	₱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, 2024 and 2023.

In 2025, 2024 and 2023, the Group has agreed to certain lease modifications and pre-terminations resulting to a gain on lease modification of ₱17.2 million, ₱0.1 million and ₱0.1 million, respectively (see Note 13). There were no gains on lease concession recognized in 2025, 2024 and 2023.

The future minimum lease payments and present value as at December 31, 2025 are as follows:

	Minimum Lease Payments	Present Value
Not later than one year	₱155,558,635	₱142,551,346
Later than one year but not more than five years	90,875,219	84,486,121
	₱246,433,854	₱227,037,467

Rent related expense recognized in the consolidated statements of comprehensive income are as follows:

	Note	2025	2024	2023
ROU assets amortization	8	**₱350,934,040**	₱294,210,418	₱208,427,954
Short-term leases		**234,876,334**	200,452,585	252,479,105
Accretion of interest on lease liabilities	10	**20,137,728**	29,060,987	14,358,173
		₱605,948,102	₱523,723,990	₱475,265,232

Total cash outflow for leases, including short-term leases, amounted to ₱568.5 million and ₱539.5 million and ₱472.6 million in 2025, 2024 and 2023, respectively.

<u>Refundable Lease Deposits</u>

Lease deposits, which are refundable at the end of the lease term if unutilized, aggregate ₱265.5 million and ₱243.8 million as at December 31, 2025 and 2024, respectively (see Note 7).

17. Income Taxes

The provision for current income tax pertains to regular corporate income tax (RCIT) in 2025, 2024 and 2023.

The reconciliation of income tax computed at the statutory tax rate to provision for income tax as shown in the consolidated statements of comprehensive income is as follows:

	2025	2024	2023
Income tax computed at the statutory tax rate	**₱137,894,229**	₱159,148,658	₱145,996,734
Change in unrecognized deferred tax asset	**1,313,533**	706,344	–
Adjustment for:			
Interest income already subjected to final tax	**(937,390)**	(6,771,386)	(11,702,771)
Nondeductible expenses	**10,343,967**	1,694,019	2,925,692
Expenses charged to APIC	**–**	–	(17,423,538)
Effect of lower income tax rate	**319,506**	185,114	–
	₱148,933,845	₱154,962,749	₱119,796,117

Details of UGI's NOLCO are as follows:

Year Incurred	Beginning	Incurred	Expired	Balance	Expiry Year
2025	₱–	₱6,567,662	₱–	₱6,567,662	2028
2024	3,531,270	–	–	3,531,270	2027
	₱3,531,270	₱6,567,662	₱–	₱10,098,932	

As at December 31, 2025 and 2024, deferred tax asset arising from UGI's NOLCO amounting to ₱2.0 million and ₱0.7 million, respectively, were not recognized. Management has assessed that it is not probable that future taxable income will be available against which the benefit of the deferred tax asset can be utilized.

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

	Note	2025	2024
Deferred Tax Assets			
Allowance for inventory obsolescence		**₱22,188,727**	₱14,853,717
Retirement liability:			
Profit or loss		**11,342,298**	9,659,138
OCI	15	**2,134,566**	2,496,299
		35,665,591	27,009,154
Deferred Tax Liabilities			
Capitalized borrowing cost		**(5,029,151)**	(5,029,151)
Excess of ROU assets over lease liabilities		**(6,446,523)**	(4,054,596)
		(11,475,674)	(9,083,747)
		₱24,189,917	₱17,925,407

18. Financial Risk Management

Financial Risk Management Objectives and Policies

The Group's business activities expose it to certain financial risks 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, cash equivalents, accrued interest receivables and trade receivables.

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 gross maximum exposure of the Group to credit risk:

	2025	2024
Cash in banks and cash equivalents	**₱811,445,105**	₱886,738,609
Trade receivables	**248,602,888**	284,735,673
Accrued interest receivable	**–**	2,074,167
	₱1,060,047,993	₱1,173,548,449

As at December 31, 2025 and 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 groupings 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 receivables from credit card companies and reputable third parties which 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 these were credit-impaired.

	2025			
	12-Month ECL	**Lifetime ECL - Not Credit Impaired**	**Lifetime ECL - Credit Impaired**	**Total**
Cash in banks and cash equivalents	**₱811,445,105**	**₱–**	**₱–**	**₱811,445,105**
Trade receivables	**–**	**248,602,888**	**–**	**248,602,888**
	₱811,445,105	**₱248,602,888**	**₱–**	**₱1,060,047,993**

	2024			
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Total
Cash in banks and cash equivalents	₱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 forecast 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.

	2025			
	1 to 6 Months	**More than 6 Months to 1 Year**	**More than 1 Year**	**Total**
Trade and other payables*	**₱1,131,447,387**	**₱6,597,581**	**₱–**	**₱1,138,044,968**
Bank loans and trust receipts payable	**2,092,702,189**	**1,175,000,000**	**–**	**3,267,702,189**
Lease liabilities	**97,625,582**	**57,933,053**	**90,875,219**	**246,433,854**
	₱3,321,775,158	**₱1,239,530,634**	**₱90,875,219**	**₱4,652,181,011**

**Excluding statutory payables.*

2024

	1 to 6 Months	More than 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 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 loans payable to local banks are subject to a repricing interest rate with and are exposed to cash flow 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 loans are promissory notes under loan facilities which mature within 90 days to one year as at December 31, 2025 and 2024, and bear an effective interest rate ranging 5.88% to 8.00% in 2025 and 5.63% to 8.00% in 2024.

19. Fair Value of Financial Assets and Liabilities

Fair values of the Group's financial assets and financial liabilities are shown below:

	2025		2024	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in banks and cash equivalents	**₱811,445,105**	**₱811,445,105**	₱886,738,609	₱886,738,609
Trade receivables	**248,602,888**	**248,602,888**	284,735,673	284,735,673
Accrued interest receivable	**–**	**–**	2,074,167	2,074,167
	₱1,060,047,993	**₱1,060,047,993**	₱1,173,548,449	₱1,173,548,449
Financial Liabilities				
Trade and other payables*	**₱1,138,044,968**	**₱1,138,044,968**	₱1,162,045,938	₱1,162,045,938
Bank loans and trust receipts payable	**3,267,702,189**	**3,267,702,189**	2,502,957,649	2,502,957,649
Lease liabilities	**227,037,467**	**233,718,246**	399,270,691	393,889,799
	₱4,632,784,624	**₱4,639,465,403**	₱4,064,274,278	₱4,058,893,386

**Excluding statutory payables.*

Due to the short-term maturities of cash in banks, cash equivalents, trade receivables, accrued interest receivable, trade and other payables (excluding statutory payables), and bank loans and trust receipts payable, their carrying amounts approximate their fair values (Level 3).

Lease Liabilities. Estimated fair values have been calculated on the lease liabilities' expected cash flows using the prevailing market rates that are specific to the tenor of the instruments' cash flows at reporting dates (Level 2).

As at December 31, 2025 and 2024, there were no financial instruments measured at fair value. There were no transfers between levels of fair value hierarchy in 2025, 2024 and 2023.

20. Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. No changes were made in the objectives, policies or processes in 2025, 2024 and 2023.

The capital structure of the Group consists of total liabilities and equity. The Group manages the capital structure and makes adjustments when there are changes in economic condition, its business activities, expansion programs and the risk characteristics of the underlying assets.

The Group is not subject to externally imposed capital requirements.

The Group's debt-to-equity ratio is as follows:

	2025	2024
Total liabilities	**₱4,799,014,808**	₱4,175,174,709
Total equity	**3,323,691,136**	3,107,462,947
Debt-to-equity ratio	**1.44:1**	1.34:1

21. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes as at December 31, 2025 and 2024:

	December 31, 2024	**Additions**	**Accretion/ Interest expense**	**Payment**	**Non-cash Changes**	**December 31, 2025**
Bank loans and trust receipts payable	**₱2,502,957,649**	**₱4,159,268,701**	**₱–**	**(₱3,394,524,161)**	**₱–**	**₱3,267,702,189**
Lease liabilities	**399,270,691**	**183,293,816**	**20,137,728**	**(333,549,907)**	**(42,114,861)**	**227,037,467**
Dividends payable	**–**	**187,500,078**	**–**	**(187,500,078)**	**–**	**–**
Accrued interest payable	**1,777,814**	**–**	**169,483,767**	**(163,873,998)**	**–**	**7,387,583**
	₱2,904,006,154	**₱4,530,062,595**	**₱189,621,495**	**(₱4,079,448,144)**	**(₱42,114,861)**	**₱3,502,127,239**

	December 31, 2023	Additions	Accretion/ Interest expense	Payment	Non-cash Changes	December 31, 2024
Bank loans and trust receipts payable	₱1,767,613,865	₱2,883,052,863	₱–	(₱2,147,709,079)	₱–	₱2,502,957,649
Lease liabilities	275,193,672	436,011,215	29,060,987	(339,065,432)	(1,929,751)	399,270,691
Dividends payable	–	187,500,078	–	(187,500,078)	–	–
Accrued interest payable	3,844,338	–	132,519,794	(134,586,318)	–	1,777,814
	₱2,046,651,875	₱3,506,564,156	₱161,580,781	(₱2,808,860,907)	(₱1,929,751)	₱2,904,006,154

22. Basic and Diluted Earnings Per Share

Basic earnings per share is computed as follows:

	2025	2024	2023
Net income attributable to equity holders of the Parent Company	**₱398,848,812**	₱480,176,768	₱464,190,818
Divided by weighted average number of outstanding shares	**3,125,001,300**	3,125,001,300	2,968,751,050
	₱0.13	₱0.15	₱0.16

The Parent Company has no dilutive potential shares in 2025, 2024 and 2023.

23. Operating Segment Information

The primary segment reporting format is determined to be operating segments as the Group's risks and rates of return are affected predominantly by differences in the nature of products being sold. The operating businesses are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit.

Business Segments

The Group's main businesses in 2025 and 2024 are as follows:

- Retail of information and communications technology (ICT) products.
- Retail of water filtration and purification devices.

In 2023, the Group's business segment comprises solely of ICT products. The related key financial information are basically the same as those presented on the face of the financial statements.

Geographical Segments

The Group operates and generates revenue principally in the Philippines. Consequently, geographical business information is not applicable.

Sales are attributable to revenue from the general public, which are generated through the Group's store outlets. Consequently, the Group has no concentrations of revenue from a single customer in 2025, 2024 and 2023.

Management monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

On a consolidated basis, the Group's performance is evaluated based on core net income for the year. Core net income is measured as consolidated net income.

The following tables present revenue and expense information and certain assets and liabilities information regarding the different business segments as at and for the years ended December 31, 2025 and 2024:

	2025			
	ICT Products	Water Filtration and Purification Devices	Eliminations	Total
REVENUE	₱12,906,384,996	₱13,166,401	(₱1,843,271)	₱12,917,708,126
COST OF SALES	(10,237,438,892)	(8,385,673)	1,590,274	(10,244,234,291)
GROSS INCOME	2,668,946,104	4,780,728	(252,997)	2,673,473,835
OPERATING EXPENSES	(2,303,857,264)	(11,574,506)	572,486	(2,314,859,284)
FINANCE COSTS	(189,584,176)	(37,319)	–	(189,621,495)
OTHER INCOME	382,894,363	171,639	(482,143)	382,583,859
INCOME (LOSS) BEFORE INCOME TAX	558,399,027	(6,659,458)	(162,654)	551,576,915
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	155,560,088	–	–	155,560,088
Deferred	(6,661,749)	35,506	–	(6,626,243)
	148,898,339	35,506	–	148,933,845
NET INCOME (LOSS)	409,500,688	(6,694,964)	(162,654)	402,643,070
OTHER COMPREHENSIVE INCOME				
Item not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain on retirement liability - net of deferred income tax	1,085,197	–	–	1,085,197
TOTAL COMPREHENSIVE INCOME (LOSS)	₱410,585,885	(₱6,694,964)	(₱162,654)	₱403,728,267
SEGMENT ASSETS	₱8,201,481,843	₱40,250,151	(₱119,026,050)	₱8,122,705,944
SEGMENT LIABILITIES	₱4,841,255,947	₱622,257	(₱42,863,396)	₱4,799,014,808
Other Information				
Depreciation and amortization	₱469,644,899	₱773,275	₱–	₱470,418,174
Additions to property and equipment and ROU assets	728,915,694	1,053,953	–	729,969,647
Provision for inventory obsolescence	29,340,039	–	–	29,340,039

	2024			
	ICT Products	Water Filtration and Purification Devices	Eliminations	Total
REVENUE	₱11,435,439,327	₱–	(₱184,058)	₱11,435,255,269
COST OF SALES	(9,070,808,979)	–	182,236	(9,070,626,743)
GROSS INCOME	2,364,630,348	–	(1,822)	2,364,628,526
OPERATING EXPENSES	(1,913,193,713)	(3,611,619)	1,822	(1,916,803,510)
FINANCE COSTS	(152,435,977)	(102,316)	–	(152,538,293)
OTHER INCOME	341,306,623	1,287	–	341,307,910
INCOME (LOSS) BEFORE INCOME TAX	640,307,281	(3,712,648)	–	636,594,633
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	153,602,522	–	–	153,602,522
Deferred	1,395,733	(35,506)	–	1,360,227
	154,998,255	(35,506)	–	154,962,749
NET INCOME (LOSS)	485,309,026	(3,677,142)	–	481,631,884
OTHER COMPREHENSIVE INCOME				
Item not to be reclassified to profit or loss in subsequent periods				
Remeasurement loss on retirement liability - net of deferred income tax	(674,191)	–	–	(674,191)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱484,634,835	(₱3,677,142)	₱–	₱480,957,693
SEGMENT ASSETS	₱7,351,928,818	₱52,947,664	(₱122,238,826)	₱7,282,637,656
SEGMENT LIABILITIES	₱4,214,788,729	₱6,624,806	(₱46,238,826)	₱4,175,174,709
Other Information				
Depreciation and amortization	₱407,128,487	₱930,926	₱–	₱408,059,413
Additions to property and equipment and ROU assets	635,516,103	4,156,111	–	639,672,214
Provision for inventory obsolescence	7,645,875	–	–	7,645,875

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Upson International Corp. and Subsidiaries
Unit 2308, 23/F Capital House Tower 1
9th Avenue corner 34th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing the basic consolidated financial statements of Upson International Corp. (Parent Company) and Subsidiaries (the Group) as at and for the years ended December 31, 2025 and 2024 and the Parent Company financial statements for the year ended December 31, 2023 and have issued our report thereon dated February 26, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code (SRC) Rule 68 as at and for the year ended December 31, 2025
- Reconciliation of Parent Company's Retained Earnings Available for Dividends Declaration for the year ended December 31, 2025
- Conglomerate Map as at December 31, 2025

These schedules are presented for the purpose of complying with the Revised SRC Rule 68 and are not part of the basic consolidated financial statements. The information in these supplementary schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

DARRYLL REESE Q. SALANGAD
Partner
CPA Certificate No.
Tax Identification No.
BOA Accreditation No. Valid until June 6, 2026
SEC Accreditation No.
Issued October 2, 2025
Valid for Financial Period 2029
BIR Accreditation No.
Valid until January 16, 2028
PTR No.
Issued January 2, 2026, Makati City

February 26, 2026
Makati City, Metro Manila

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II OF THE REVISED SRC RULE 68

December 31, 2025

** There are no receivables arising from activities that are not in the ordinary course of business that aggregated more than ₱1.0 million or 1% of total assets, whichever is lower, as at December 31, 2025.*
*** There are no long-term debt as at December 31, 2025.*
**** There were no indebtedness to related parties as at December 31, 2025.*

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS

December 31, 2025

			Deductions		*Ending Balance*		
Name and designation of debtor	***Balance at beginnning of year***	***Additions***	***Amounts collected***	***Reversal of write off***	***Current***	***Not current***	***Balance at end of year***
iStudio Technologies Philippines Corp. *(Subsidiary)*	₱1,101,250	₱–	₱–	₱–	₱1,101,250	₱–	₱1,101,250
Upson Global Inc. *(Subsidiary)*	3,371,748	482,143	(3,773,534)	–	80,357	–	80,357

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

SCHEDULE G – CAPITAL STOCK

December 31, 2025

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for captions, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by directors, officers and employees	Others
Common shares	6,250,000,000	3,125,001,300	–	1,162,500,000	1,161,589,434	800,911,866

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF PARENT COMPANY'S RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

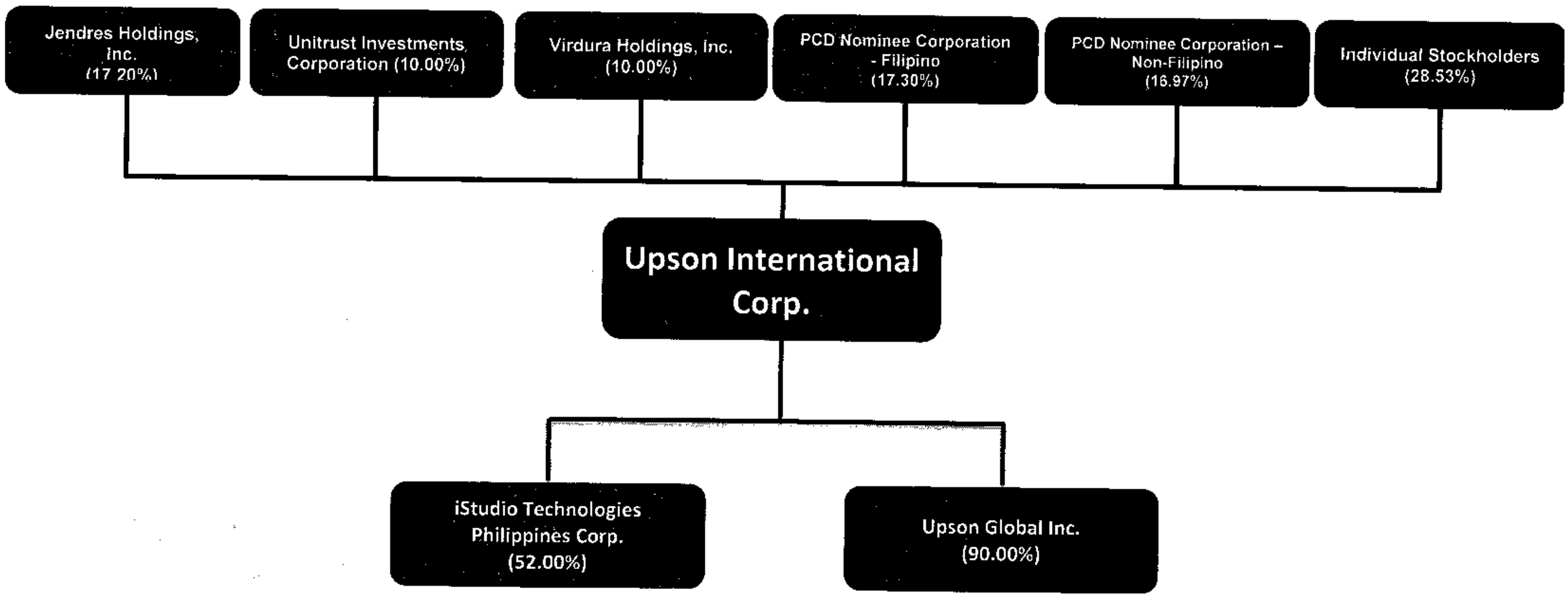
For the Year Ended December 31, 2025

Unappropriated Retained Earnings, beginning of reporting period		₱1,148,010,259
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the period	(187,500,078)	(187,500,078)
Unappropriated Retained Earnings, as adjusted		960,510,181
Add: Net Income for the current year		400,201,201
Less: Category F: Other Items that should be excluded from the determination of the amount available for dividends distribution		
Net movement in deferred tax assets		(9,018,170)
Total Retained Earnings, end of the reporting period available for dividend		₱1,351,693,212

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE GROUP

December 31, 2025



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Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Upson International Corp. and Subsidiaries
Unit 2308, 23/F Capital House Tower 1
9th Avenue corner 34th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippines Standards on Auditing, the accompanying consolidated financial statements Upson International Corp. (Parent Company) and Subsidiaries (the Group) as at and for the years ended December 31, 2025 and 2024 and the Parent Company financial statements for the year ended December 31, 2023 and have issued our report dated February 26, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years then ended December 31, 2025 and 2024 and the Parent Company financial statements for the year ended December 31, 2023 and no material exceptions were noted.

REYES TACANDONG & CO.

DARRYLL REESE Q. SALANGAD
Partner
CPA Certificate No.
Tax Identification No.
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SEC Accreditation No.
Issued October 2, 2025
Valid for Financial Period 2029
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PTR No.
Issued January 2, 2026, Makati City

February 26, 2026
Makati City, Metro Manila

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2025 AND 2024

Ratio	Formula	2025	2024
Current/Liquidity Ratio			
	Current assets	**₱6,417,055,143**	₱5,862,284,849
	Divided by: Current liabilities	**4,660,621,231**	4,028,890,309
	Current/Liquidity ratio	**1.38:1.00**	1.46:1.00
Solvency Ratio			
	Net income before depreciation and amortization	**₱873,061,244**	₱889,691,297
	Divided by: Total liabilities	**4,799,014,808**	4,175,174,709
	Solvency ratio	**0.18:1.00**	0.21:1.00
Debt-to-Equity Ratio			
	Total liabilities	**₱4,799,014,808**	₱4,175,174,709
	Divided by: Total equity	**3,323,691,136**	3,107,462,947
	Debt-to-Equity ratio	**1.44:1.00**	1.34:1.00
Asset-to-Equity Ratio			
	Total assets	**₱8,122,705,944**	₱7,282,637,656
	Divided by: Total equity	**3,323,691,136**	3,107,462,947
	Asset-to-Equity ratio	**2.44:1.00**	2.34:1.00
Interest Rate Coverage Ratio			
	Income before interest and taxes	**₱741,198,410**	₱789,132,926
	Divided by: Interest expense	**189,621,495**	152,538,293
	Interest Rate Coverage ratio	**3.94:1.00**	5.17:1.00
Return on Assets Ratio			
	Net income	**₱402,643,070**	₱481,631,884
	Divided by: Total assets	**8,122,705,944**	7,282,637,656
	Return on Assets ratio	**0.05:1.00**	0.07:1.00
Return on Equity Ratio			
	Net income	**₱402,643,070**	₱481,631,884
	Divided by: Total equity	**3,323,691,136**	3,107,462,947
	Return on Equity ratio	**0.12:1.00**	0.15:1.00
Net Profit Margin			
	Net income	**₱402,643,070**	₱481,631,884
	Divided by: Revenues	**12,917,708,126**	11,435,255,269
	Net Profit Margin	**0.03:1.00**	0.04:1.00

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC

For the Year Ended December 31, 2025

	As Disclosed in Final Prospectus	Balance as at January 1, 2025	Movements during the Year	Balance as at December 31, 2025
Gross Proceeds	**₱1,500,002,400**	**₱1,500,002,400**	**₱–**	**₱1,500,002,400**
Offer Expenses	**(78,200,000)**	**(98,156,179)**	**–**	**(98,156,179)**
Net Proceeds	**1,421,802,400**	**1,401,846,221**	**–**	**1,401,846,221**
Use of Proceeds				
Store network expansion and store improvement program	1,421,802,400	(811,232,920)	(590,613,301)	**1,401,846,221**
Unapplied Proceeds	**₱–**	**₱590,613,301**	**(₱590,613,301)**	**₱–**

The actual offer expenses exceeded the initially estimated amount by ₱20.0 million. Accordingly, the BOD approved the allocation of the proceeds of the same amount from store network expansion and improvement program to offer expenses on July 12, 2023.

UPSON INTERNATIONAL CORP. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE RELATED INFORMATION

December 31, 2025

	Current Year	Prior Year
Total Audit Fees	**₱3,800,000**	₱3,500,000
Non-audit service fees:		
Other assurance services	–	–
Tax services	–	625,000
All other services:		
Review of Compilation of Nonfinancial Data and Report Summarization and Staff Training	**1,150,000**	900,000
Agreed-upon Procedures on Use of IPO Proceeds	**200,000**	200,000
Extended Producers Responsibility (EPR) Audit	**180,000**	120,000
Total Non-audit Fees	**1,530,000**	1,845,000
Total Audit and Non-audit Fees	**₱5,330,000**	₱5,345,000
Audit and Non-audit fees of other related entities		
Audit fees	**₱–**	₱–
Non-audit service fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Audit and Non-audit Fees	**₱–**	₱–

UPSON INTERNATIONAL CORP.

2025 Annual Sustainability Report

ABOUT THE COMPANY

Upson International Corp. ("Upson", "we", "our", or "Company") stands as one of the Philippines' largest retailers of information technology products. Our corporate headquarters is situated at Unit 2308, 23rd Floor, Capital House Tower 1, 9th Avenue corner 34th Street, Bonifacio Global City, Taguig City.

Our Business Model, Brands, Products, and Services

We are a leading retailer of IT-related merchandise that includes a wide range of hardware and software products. We operate under four distinct brand names: Octagon Computer Superstore ("Octagon"), Micro Valley, Gadget World, and Octagon Mobile, to serve our broad consumer spectrum, including home users, small-to-medium businesses, gamers, professionals, and students.

Octagon is our flagship brand among our prime stores that offers a complete line and an assortment of hardware and software products.

Micro Valley is our specialty store for do-it-yourself components and customization of personal computers and gaming-specific PCs and peripherals for the growing gaming market.

Gadget World is our specialty store for premium mobile phones, laptops and IT accessories.

Octagon Mobile is our specialty store focusing on communication and connectivity devices such as mobile phones, tablets, networking products, and mobile-related accessories.

Our products are accessible through our prime stores, concept stores, and mobile stores, as well as online via our official website and major e-commerce platforms, including Lazada Shopee, and social commerce platform Tiktok.

Our Mission

To be the leading provider of IT products in the Philippines, manned by a competent workforce, resulting to the attainment of high profitability and sustainability.

Our Vision

To be the front runner in providing the latest IT products in the Philippines, leading the country towards technological advancement while achieving profitable and sustainable growth.

Our Values

We grow and succeed together with a spirit of teamwork and excellence.

We work and run our business that is rooted in trust.

We go beyond to help Filipinos discover technology.

Our Reach and Infrastructure

As of December 31, 2025, Upson operates 240 branches nationwide, consisting of 206 mall-based stores and 34 stand-alone locations. Our extensive regional network ensures a strong presence across the country.

73 stores — **National Capital Region**

44 stores — **North Luzon**

48 stores — **South Luzon**

28 stores — **Visayas**

47 stores — **Mindanao**

To support this retail network, we currently own three warehouses located in Cabanatuan (1), Naga (1), and Dagupan (1) and lease seven strategic warehouses located in Manila (3), Cebu (1), Cagayan de Oro (1), Davao City (1), and Iloilo (1). Our warehouses in Naga and Dagupan will be fully operational in 2026.

ABOUT THE REPORT

This Sustainability Report provides information about the environmental, social, and governance (ESG) performance of the Company.

The scope includes the operations of Upson’s nationwide retail network, encompassing all 240 branches across 206 mall-based stores and 34 stand-alone locations as of December 31, 2025. It further covers all company business units and retail brands, doing business under the name and style of: Octagon Computer Superstore, Micro Valley Computer Superstore, Gadget World, and Octagon Mobile.

The report aims to provide Upson’s stakeholders with a clear view of how we integrate responsibility into our nationwide retail network and our progress in managing our resource footprint across our 240 branches while continuing to drive digital inclusion and economic value across the Philippines.

Ultimately, this report reflects our ongoing journey to align our business objectives with the long-term well-being of the communities we serve and sets a benchmark for our future contributions to a sustainable digital future.

Reporting Period

All data and performance indicators presented in this report cover the period from January 1 to December 31, 2025.

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UPSON INTERNATIONAL CORP.

You may read the Sustainability Report for 2025 online at Upson's website.

You may read the Sustainability Report for 2025 through the Philippine Stock Exchange website as mandated by SEC as a publicly listed corporation under Disclosures, specifically, Annual Reports (SEC Form 17-A).

Abbreviation

APE	Annual Physical Examination
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
BOP	Base of the Pyramid
CoT	Certificates of Treatment
CSR	Corporate Social Responsibility
DENR	Department of Environment and Natural Resources
DOE	Department of Energy
DP	Data Privacy
DPA	Data Privacy Act
DPO	Data Protection Officer
DPS	Data Processing System
EMB	Environmental Management Bureau
EPR	Extended Producer Responsibility
ESG	Environmental, Social, and Governance
GHG	Greenhouse Gases
GOCC	Government-owned and Controlled Corporation
HDMF	Home Development Mutual Fund
HIV	Human Immunodeficiency Virus
HMO	Health Maintenance Organization
HR	Human Resources
IT	Information Technology
LCP	Loyalty Card Program
MSME	Micro, Small, and Medium-sized Enterprises
NPC	National Privacy Commission
Pag-IBIG	Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya, at Gobyerno
PC	Personal Computer
PhilHealth	Philippine Health Insurance Corporation
PIA	Privacy Impact Assessment
PIC	Personal Information Controllers
RA	Republic Act
SDGs	Sustainable Development Goals
SKU	Stock Keeping Unit
SSS	Social Security System
UN	United Nations
WEEE	Waste Electrical and Electronic Equipment

LETTER FROM THE CEO

Meeting the greater challenges ahead through technology and resilience

Our mission to make technology serve the greater good is rooted in providing a reliable, diverse range of electronics that meet rising demand of our customers while building connections within our communities. Our 2025 Sustainability Report highlights our contributions to inclusive and sustainable development, aligned with the UN SDGs.

Strength Through Community and Local Sourcing

While many are shifting toward purely digital models, we deliberately expanded our physical footprint by opening 14 new stores last year, doubling down our commitment to maintain connection with our customer base, elevate customer experience, create local jobs and help community growth. By prioritizing the in-person customer experience, we are not just selling technology, we are creating local jobs and driving meaningful growth within the communities we serve.

"By prioritizing the in-person customer experience, we are not just selling technology, we are creating local jobs and driving meaningful growth within the communities we serve."

Our dedication to the Philippines extends deep into our operations. We are actively reimagining our supply chains to prioritize local sourcing, reducing our dependence on volatile global logistics while fostering economic growth within the Philippines. By sustaining partnerships with our 45 local suppliers, we ensure our growth directly fuels the success of Filipino SMEs.

Resilience in a Changing World

Our diverse portfolio spanning personal computing, printing systems, storage, networking, and software is engineered to meet your needs while navigating today's supply chain and energy challenges. We don't just offer hardware. We provide customized, adaptable solutions designed to maximize efficiency and minimize overhead costs. Our nationwide presence is a testament to our determination to provide stable, accessible technology even when the global market appears to be in a state of uncertainty. This unwavering reliability, responsiveness and dependability make us your one-stop destination for technological needs.

"Our nationwide presence is a testament to our determination to provide stable, accessible technology even when the global market appears to be in a state of uncertainty."

Our Path Forward

Our mission is more focused than ever: to shape a future where technology serves as an indispensable tool for resilience and growth. As we expand, we remain dedicated to integrating sustainability into every aspect of our work.

Arlene Louisa T. Sy
President, Chief Executive Officer, and Director

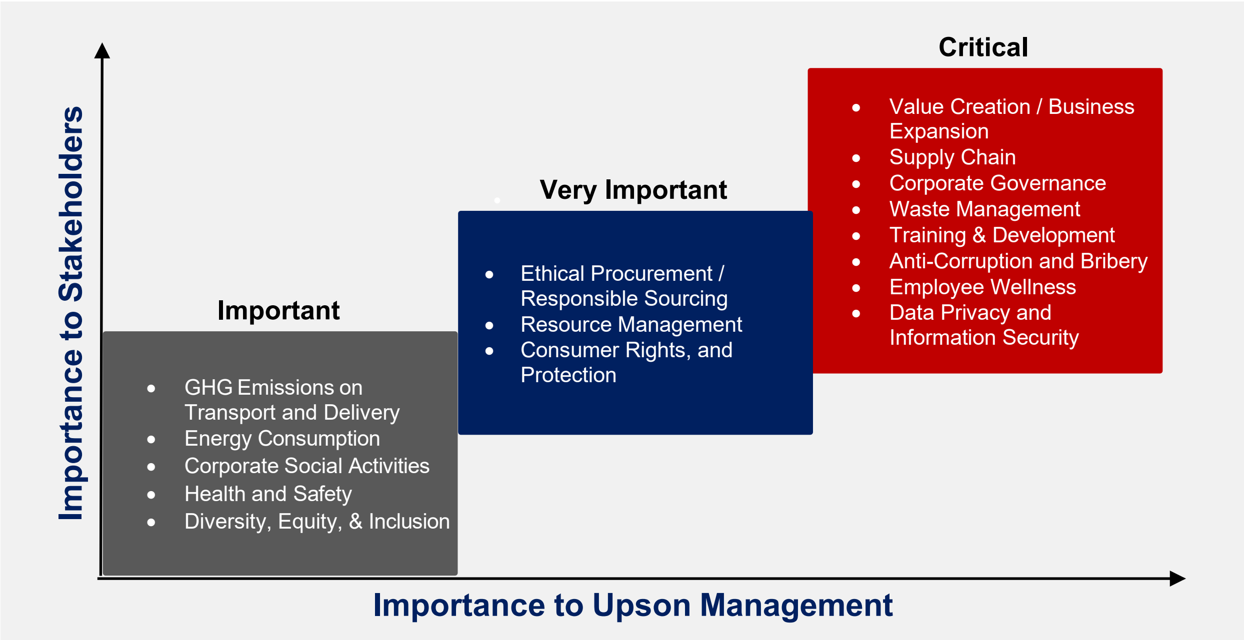
Our Approach to Sustainability

Upson works toward a sustainable future that resonates with its vision of technological leadership and commitment to the Filipino community. Our mission is to lead in offering the latest IT products and support the country towards technological advancement while growing sustainably as we strive to ensure a diverse and supportive workplace for the community and environment.

Embedding Sustainability Strategy	Implementation and Continuous Improvement	Materiality Matrix and Data Gathering	Sustainability Reporting
We embed sustainability to generate environmental, social, and financial value by aligning leaders, management and employees, including our suppliers/ business partners and customers, in a common goal and ambition. We will continue to include other stakeholder groups using existing touch points (e.g., customer management system) and separate engagements for a 360-degree view of our impacts, risks, and opportunities.	We continue to put action into our sustainability initiatives by implementing programs, formalized policies, and standardized guidelines, and we have acted on our sustainability goals. Likewise, we have implemented several initiatives to protect the confidentiality of personal information of our internal and external stakeholders through our reinforcement of privacy programs. We will continue to use and improve sustainability as a benchmark throughout our business practices, whether managing our people, engaging with the community, catering to our customers, doing business with our suppliers/ partners, or handling corporate governance.	We will establish a regular materiality review every two years to identify material topics important in diagnosing our directions, ensuring all our stakeholders' concerns and priorities are addressed, and further analyzing any gaps that may be revealed between external and internal stakeholders' priorities. We will continue to involve our stakeholders (e.g., employees, vendors, customers, and key management) to identify topics of importance to them.	Based on the results of the materiality assessment, we focused our data gathering on priority topics of the top management and our stakeholders to come up with our Sustainability Report. We continuously refined our waste management strategies by leveraging data-driven insights and stakeholder collaboration. This strengthens our compliance with the Extended Producer Responsibility (EPR) Act and also position Upson as a leader in responsible corporate stewardship—contributing to a circular economy where resources are efficiently repurposed, environmental impact is minimized, and long-term sustainability goals are achieved.

Materiality Process

We have identified our material topics by involving our key management team and relevant stakeholders, as follows:



Based on the identified material topics, these are further grouped into the three pillars of sustainability, as follows:

Pillar of Sustainability	Important	Very Important	Critical
Economic		Ethical Procurement / Responsible Sourcing	Value Creation / Business Expansion Supply Chain Corporate Governance Anti-Corruption and Bribery
Environmental	GHG Emissions on Transport and Delivery Energy Consumption	Resource Management	Waste Management (*including compliance with EPR*)
Social	Corporate Social Activities (Impact on Local Community) Health and Safety Diversity, Equity, and Inclusion	Consumer Rights and Protection	Training and Development Employee Wellness Data Privacy and Information Security

Economic

Driving Resilience and Local Empowerment

National Expansion and Community Impact

A. Strategic Growth & Job Creation

We have successfully scaled our presence across 17 regions, strategically transforming our physical stores into key hubs for local employment and community engagement. This deliberate footprint not only optimizes our nationwide reach but serves as a sustainable engine for job creation and community vitality. By balancing a rigorous analysis of foot traffic, retail space, and accessibility with a deep understanding of local demographics, we have established a robust network that maximizes both commercial viability and community impact.

As of December 31, 2025, Upson has expanded its network by opening 14 new locations throughout the year, bringing the total count to 240 stores nationwide. Of these, 155 are situated in developing areas outside of Metro Manila, Metro Cebu, and Metro Davao. Upson also remains the sole major IT retailer in 29 out of the 41 provinces where it operates.

To maintain excellence across our network, we have established standardized operational procedures and policies covering everything from store design and inventory management to employee training and visual merchandising. This structured approach ensures consistent product availability, delivering a seamless and satisfying experience for our customers regardless of location.

Photo above: Newly Opened Octagon Store in Naga City, Camarines Sur (Credits: Centrong Bicolandia)

Our stores provide direct access to our network-wide merchandise mix, and attentive services from our multi-skilled staff. Likewise, our products are available on our website and on popular e-commerce platforms such as Lazada, Shopee, and TikTok to broaden our sales channels and deepen consumer engagement.

We have evolved our operations to embrace the speed, data reliability, and enhanced security inherent in e-commerce. As consumers increasingly embrace digital transformation, we have deepened our partnerships with leading online platforms to meet them where they shop.

B. Unwavering Product Integrity & Brand Connection

We continue to build stakeholder confidence by curating a portfolio of authentic, untampered products from the world’s most recognized brands. By bridging the gap between online convenience and the reliability of human-centric shopping, we stand out in a digital-first world.

Guaranteeing Product Integrity

We differentiate our business and product offerings through integrity, trustworthiness, and reliability. We pride ourselves in selling only authentic and untampered products because we believe that product integrity is an essential requirement that suppliers and customers expect retailers like us to uphold. Our suppliers are carefully selected through a competitive process that ensures quality standards.

Since the beginning of our operations, we have had an unblemished record that attests to our high standards for product integrity. This creates confidence and customer loyalty, as our customers know they are purchasing products from the world’s most respected technology brands.

Expanding our Premier Portfolio

We are consistently refreshing our selection of world-recognized brands to remain the retail partner of choice by offering a comprehensive and updated inventory responsive to the needs of our customer base. As of December 31, 2025, we maintained an active portfolio of over 16,015 Stock Keeping Units (SKUs) spanning nine major categories, including personal computers, printing, communication, storage, networking, peripherals, components, accessories, and software.

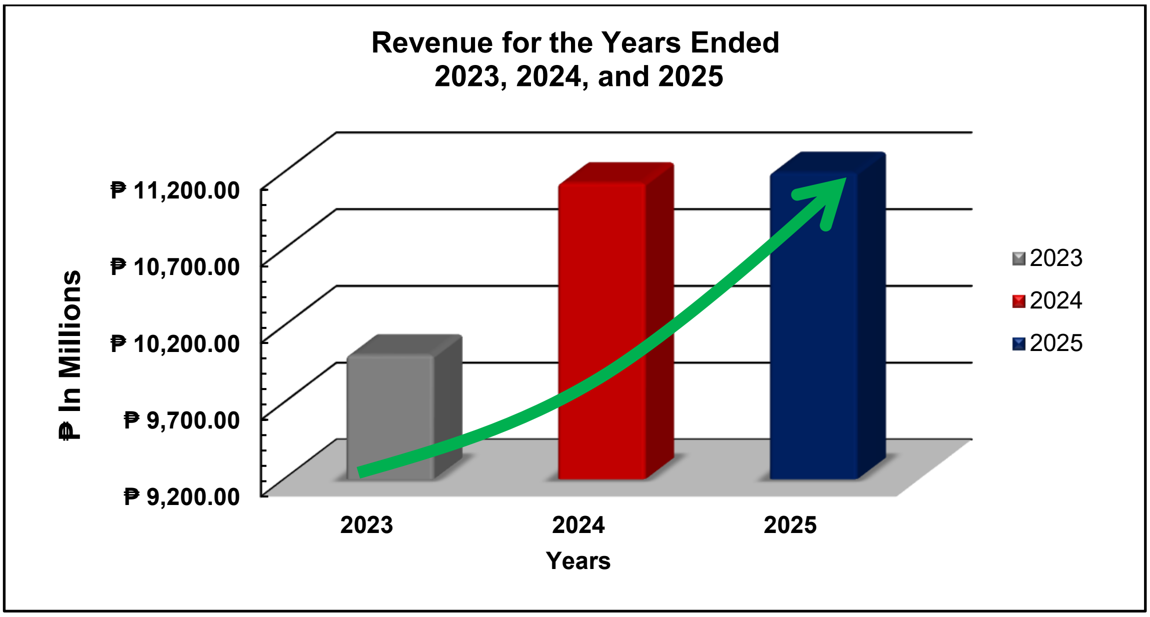
These advantages have increased our customer base and driven our financial performance. In the past three years, we have served more than two million customers annually.

Photo above: Globally Recognized Brands Partnered

C. Economic Performance: Generating and Distributing Value

As of December 31, 2025, Upson's revenues grew by 6.31% which resulted in ₱11,833.7 revenues in 2025, compared to the revenues from the previous year totaling ₱11,131.4 million in 2024.

Within the past seven years, we have steadily widened our nationwide reach from 165 stores in 2018 to 240 as of December 31, 2025. We are already present in all 17 regions in the country, allowing us to reach and capture almost the entire population and income groups.



Direct Economic Value Generated and Disributed

In Millions (PhP)

Disclosure	2024	2025
Direct economic value generated (revenue)	11,131.42 M	11,833.67 M
Direct economic value distributed:		
a. Operating costs	1,895.29 M	2,193.03 M
b. Employee wages and benefits	438.37 M	490.58 M
c. Payments to suppliers, other operating costs	10,438.48 M	10,252.44 M
d. Dividends given to stockholders and interest payments to loan providers	322.08 M	351.37 M
e. Taxes given to government	332.77 M	326.93 M

D. Value-Driven Engagement

We achieve value-driven engagement by implementing the following initiatives, ensuring our promotional efforts are backed by long-term product reliability and customer care.

Implementing Responsible Marketing and Transparent Advertising

We engage with various agencies for our outdoor advertising including billboards, window and door ads, lamp post banners, flyers, websites and video ads. We mainly focus on the affordability, durability, and presentability of our products in our promotional materials. Our ultimate objective is to ensure that every product we promote delivers genuine satisfaction and lasting value to our target demographics. In addition, we also utilize our relationship with manufacturers and/or distributors as marketing initiatives.

Sustaining Trust through After-Sales Care

We guide our customers on the responsible use, safety, and maintenance of their purchases through our warranty and support programs. We continue to build customer awareness on the importance of untampered products on warranty and after-sales service.

Sustainable Procurement Through Local Support and Investment

As of December 31, 2025, we have over 47 active suppliers, including Brother International Philippines Inc., Canon Marketing Philippines Inc., Epson Philippines Corp., HP Inc., Acer Philippines Inc., Asus Philippines Inc., Lenovo Philippines Inc., Logitech Asia Pacific Ltd., to name a few. Most orders are delivered to our head office in Manila, while others have special arrangements and delivered to our warehouse in Visayas and Mindanao. We deliver the items from the warehouses according to the respective regions to our store's branches for brick-and-mortar setup and customer's current location for e-commerce setup.

A. Building a Self-Reliant Supply Chain

We highlight our commitment to the Filipino economy by directing 98.72% of procurement spending to local vendors, thereby fueling domestic job growth. This strategy is supported by an expansive supplier network, currently consisting of 45 local suppliers and 2 international suppliers.

Proportion of Spending on Local Suppliers

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
Percentage of procurement budget used for significant locations of operations that are spent on local suppliers	98.3	%	98.72	%
Percentage of procurement budget used for significant locations of operations that is spent on foreign suppliers	1.7	%	1.28	%

The slight increase in procurement spending for local suppliers is primarily due to stock availability. Budget allocations are adjusted dynamically to manage inventory levels, accounting for supplier lead times to ensure consistent product availability across the retail network.

Our key partnerships include industry leaders such as Acer as one of our key local suppliers and Logitech for international. Furthermore, Upson actively supports the domestic business industry by sourcing 10% of non-tech procurement including office supplies, store fixtures, and construction of new branches directly from local Micro, Small, and Medium Enterprises (MSMEs).

B. Supplier Synergy & Risk Mitigation

We insulate our inventory from global logistics volatility by maintaining long-term relationships with a diverse pool of suppliers and implementing our standardized supplier selection policy.

Photo above: Top Tech Brands at Octagon Computer Superstore in Lucky Chinatown, City of Manila and SM City Baguio, Baguio City

Maintaining sustainable suppliers and long-term relations

Our long-standing, mutual-growth, and enabling relationship with our various suppliers has allowed us to continue to carry the same breadth and variety of product offerings. We collaborate and rely on third-party suppliers for the provision of information technology-related products that we sell through our stores.

We have established a strong relationship with our suppliers and our good working relationship with our suppliers helps us in many ways, including, but not limited to:

a) Lowering our costs through volume incentives, bundling programs, and favorable payment terms;
b) Supporting our efficiency efforts by shipping directly to our regional warehouses and certain store locations, subject to our instructions;
c) Providing regular product training for our store personnel;
d) Assisting us to obtain products that may be in short or limited supply; and,
e) Sharing insights with us, which we use to anticipate industry trends and practices.

Diversifying pool and careful selection of suppliers to address supply chain risks

We have a pool of alternate suppliers and we are not dependent on a single or a limited number of suppliers for our product lineup. This diversified approach ensures that we always have high-quality alternatives available to meet market demand.

In addition, we implement a careful selection policy for our prospective suppliers, considering their accreditation, record of operations, clientele, location, industry reputation, available resources, delivery capabilities, business commitment, and industry experience, among others. In addition, we manage our inventory by factoring in supply disruptions to ensure that we have sufficient supply to meet the local demand.

Photo above: Wide Selection of Products Available

Maintaining good relations with our local lessors

As of December 31, 2025, Upson has 240 stores, 236 of which are held under lease, while four are owned. Out of the additional 14 stores opened from January 1, 2025 to December 31, 2025, 13 are leased from local third parties. This also highlights our economic contribution to the local lessors.

Climate Readiness and Resource Security

Natural or other catastrophes, including severe weather conditions, may disrupt our operations and financial condition especially considering that we have stores nationwide. In this connection, our operations may be affected by utility shortages, property damage and loss, inventory shortages, infrastructure damage, and power shutdowns caused by such natural catastrophes. We have created contingency measures for the safety of our resources to prevent the risk of paying costs for damage and loss.

Getting insurance for our products in case of catastrophic events

We carry insurance for our products and warehouses in case of certain catastrophic events. While natural calamities may be beyond our control, we take proactive measures to mitigate their financial impact. By procuring insurance for our high-value inventory, we ensure that our distribution and retail operations can recover swiftly and maintain a smooth performance even after catastrophic events.

Operating on decentralized distribution centers

We have regional warehouses in Dagupan, Cabanatuan, Naga, Cebu, Iloilo, Davao, and Cagayan de Oro. The warehouses in Dagupan and Naga are expected to be fully operational in the 2026. This decentralization of distribution centers and warehouses is meant to address the risk of disruptions to the normal warehouse and product distribution operations due to natural disasters such as earthquakes, typhoons, floods, and fires, which may also cause damage to the inventory. This enhances efficiency and reduces delivery costs in the distribution process in different parts of the country. We are ready to have our distribution centers provide alternatives for the inventory when such disaster happens. We aim to deliver the finished products safely to all our retail stores without any damage.

Good Governance

A. Integrity-Led Operations

Our Board of Directors is composed of ten members, including our Chairman, President and Chief Executive Officer, Lead Independent Director, and Independent Director. It has established five specialized committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee, the Risk Management Committee, and the Corporate Governance Committee:

Name	Board of Directors	Audit	Risk Management	Corporate Governance	Nomination	Remuneration
Lawrence O. Lee	Chairman				Committee Chairman	Committee Chairman
Ricardo A. Lee	Member				Member	Member
William Lim	Member				Member	Member
Rolando O. Raval, Jr.	Member and Chief Operations Officer		Member			
Marcos A. Legaspi	Member and Chief Finance Officer	Member				Member
Arlene Louisa T. Sy	Member, President, and Chief Executive Officer				Member	Member
Anthony Thomas C. Roxas, Jr.	Member and Head of Investor Relations	Member				
Chun Bing G. Uy	Lead Independent Director	Member	Committee Chairman	Committee Chairman	Member	
Raul M. Leopando	Member	Member	Member	Member		
Jose Vicente C. Bengzon III	Independent Director	Committee Chairman		Member		

Incidents of Corruption

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
Number of incidents in which directors were removed or disciplined for corruption	0	#	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#	0	#

All officers and personnel of Upson are expected to observe and adhere strictly to our Code of Conduct, Employee Handbook, Anti-Bribery and Corruption Policy, and other Company Policies and Procedures. The Code of Ethics is the ethical standard of our personnel in all their activities. It outlines the principles and policies that govern the organization's activities and sets forth the rules of conduct in the workplace and the standards of behavior of all the officers, management team, and staff in their activities and relationships with external stakeholders. We require our employees to comply with the code when doing our daily operations, especially in stakeholder negotiations and documentation.

B. Corporate Accountability

We maintain a 100% compliance rate in ethical training across all levels of the organization from directors and management to our frontline staff, underscoring our unwavering commitment to corporate integrity.

Our Code of Conduct strictly regulates accepting and giving gifts from customers, clients, and co-personnel. We also maintain clear guidelines prohibiting the exchange of unauthorized favors or any form of intimidation from stakeholders, ensuring that all business transactions remain transparent, ethical and professional.

Anti-Corruption Policies and Procedures Training

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
Percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated to	100	%	100	%
Percentage of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to	100	%	100	%
Percentage of directors and management that have received anti-corruption training	100	%	100	%
Percentage of employees that have received anti-corruption training	100	%	100	%

Upson believes that the key to long-term sustainability and success largely depends on having a good name and solid reputation in the industry. In accordance with this commitment, the company adheres to the SEC requirement for all directors and senior officers to complete annual corporate governance training.

We also train our employees and stakeholders to properly handle our financial resources and encourage our stakeholders to report any issues or concerns about wrongdoing or non-compliance. To ensure accountability, we apply appropriate sanctions for any misconduct or noncompliance identified by our stakeholders. We have assured our stakeholders that we will provide a trusted and safe avenue for disclosing any misconduct. We guarantee our employees that all disclosures are handled with the highest level of confidentiality, accessible only to the designated people. We have established a Whistleblower Policy to guide the process and ensure that reporting violations is done in good faith and without malice.

Environment

Stewardship and Strategic Conservation

Resource Efficiency and Energy Optimization

Material environmental disclosures include resource management, environmental impact management, and environmental compliance due to the nature of the business, particularly, Upson's supply chain management. We integrate sustainability into our operations to ensure the responsible use of utilities and the safe management of waste. Our approach prioritizes solutions that are ethical, attainable, and cost-efficient, ensuring that sustainable decisions are backed by measurable results. Looking forward, we aim to eliminate waste and environmental pollutants arising from our products' end-of-life use by customers.

A. Scaling Green Initiatives and Optimizing Consumption

Energy Consumption within the Organization

Energy consumption across our upstream and downstream operations is primarily driven by our warehousing and retail activities. High-intensity lighting remains a significant energy requirement, essential for both product showcasing and advertising within our stores. Additionally, our digital services, including product demonstrations and online customer support, also rely heavily on reliable electrical supply.

Air conditioning systems are necessary to maintain comfortable indoor temperatures for customers and employees. Airconditioning systems can consume significant amounts of energy, especially during summer seasons resulting in an increase in energy consumption. We aim to reduce the usage of electricity in our warehouse facilities by encouraging our employees to turn off appliances when they are not in use.

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
Renewable Resources	Not Applicable	GJ	Not Applicable	GJ
Gasoline	454[1]	GJ	688[2]	GJ
LPG	Not Applicable	GJ	Not Applicable	GJ
Diesel	3,256[3]	GJ	3,614[4]	GJ
Electricity	-	kWh	3,438,493[5]	kWh

The increase in fuel consumption recorded is a direct result of the increase in newly opened branches which led to intensified logistics, transportation, and operational activity. All maintenance related waste from our gasoline and diesel consumption were either below reporting thresholds or were managed and disposed of immediately. Enhanced oversight and improved

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[1] *Based on the given conversion factor of 0.0342 gigajoules per liter, 13,285.23 liters of gasoline would yield approximately 454.35 gigajoules of energy*

[2] *Based on the given conversion factor of 0.0342 gigajoules per liter, 20,126.95 liters of gasoline would yield approximately 688.34 gigajoules of energy*

[3] *Based on the given conversion factor of 0.038 gigajoules per liter, 85,675.87 liters of gasoline would yield approximately 3,255.68 gigajoules of energy*

[4] *Based on the given conversion factor of 0.038 gigajoules per liter, 95,099.75 liters of gasoline would yield approximately 3,613.79 gigajoules of energy*

[5] *Actual and corrected consumption*

operational controls have ensured that increased fuel-related activities did not result in significant hazardous waste output.

Water Consumption within the Organization

We have minimal water consumption because of the nature of our day-to-day operations. We operate in commercial or office spaces such as malls and store locations, which do not typically require large amounts of water. Water usage may be limited to basic office needs such as restrooms and cleaning, which can be managed through water-efficient fixtures and practices. Hence, we always instruct our employees especially the maintenance personnel, to switch off the water faucets when not in use. Such practices require water consumption control in situations like handwashing and toilet-usage. The substantial rise in water consumption reflects our improved data collection, conservation and monitoring practices.

By expanding our scope to include all branches and warehouses, we have gained a more comprehensive understanding of our water usage. This enhanced monitoring allows us to identify areas for improvement and implement more effective water conservation strategies. Overall, while water usage may not be a significant concern for electronic products retail companies, we have taken steps to minimize their environmental impact and conserve resources, including water.

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
Water Consumption	3,794	m^3	6,421	m^3

Circular Economy, Waste Management and Carbon Footprint

We focus our environmental efforts on our storefronts and warehouses which are our primary sources of emissions, while fostering a culture of sustainability among our personnel.

We collaborate closely with suppliers to reduce industrial waste and build an eco-friendlier distribution network. We also empower customers through awareness initiatives that encourage responsible consumption. By working together across all levels of our business, we strive to reduce our collective impact and build more sustainable communities.

A. Circular Waste Management

Solid Waste

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
Total solid waste generated	12,428 kgs of plastic waste (11,636 kgs rigid, 792 kgs flexible plastics)	kg	11,000 (9,500 kgs rigid, 1,500 kgs flexible plastics)[6]	kg
Reusable	1,797 kgs (based on 40% recovery of previous year's footprint)	kg	6,214 kgs (based on 50% recovery)[7]	kg
Recyclable	1,797 kgs (based on 40% recovery of previous year's footprint)	kg	6,214 kgs (based on 50% recovery)[8]	kg

In line with its continuous efforts to advance corporate sustainability, Upson remains dedicated to supporting the country's goal of achieving an 80% recovery target of its plastic packaging footprint by 2028.

We have made strides to encourage our stakeholders in taking responsibility and accountability for its plastic packaging footprint which aligns with the overarching goal of eliminating plastic packaging waste, mitigating environmental pollution, and fostering its reintegration into the circular economy.

Upson has maintained its partnership with Republic Cement & Building Materials, Inc. to ensure the efficient recovery, processing, disposal, and diversion of plastic packaging waste. Our solid waste generation and disposal practices are accurately assessed and documented through the EPR Compliance Audit Report, which is thoroughly reviewed and verified by an independent third-party auditor in strict adherence to the provisions stipulated by the Act.

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[6] *Based on unaudited plastic waste in 2025*
[7] *Recovery of 2024 audited plastic waste*
[8] *Recovery of 2024 audited plastic waste*

Hazardous Waste

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
Total weight of hazardous waste generated	2,247	kg	0[9]	kg
Total weight of hazardous waste transported	2,247	kg	0[10]	kg

Upson remains committed to the responsible management of Waste Electrical and Electronic Equipment (WEEE), classified under hazardous waste code M506. This category includes electronic components and equipment that necessitate specialized handling, recycling, and disposal, and disposal through Department of Environment and Natural Resources (DENR) accredited waste management providers.

The 2025 disclosure table indicates 0 kg for both hazardous waste generated and transport. This figure represents the year-end reporting balance rather than a total absence of waste activity during the period. As evidenced by our Certificates of Treatment (CoT), a total of 2.247 metric tons (2,247 kg) of hazardous waste was successfully managed within 2025. This waste was processed and fully treated in November 2025. Zero waste remained in storage at the company's facilities, and no waste was pending transport or in transit at year-end.

This is a result of improved operational coordination, better waste management, and timely disposal. Upson continues to prioritize the timely disposal of electronic waste to minimize environmental risk and ensure 100% compliance with national regulatory requirements for hazardous waste treatment.

Solid and Hazardous Wastes

Solid waste generated by our organization comes from various sources, including packaging materials, product accessories, obsolete products, defective products, damaged products, and other materials associated with our operations. Electronic products may generate hazardous waste in the form of obsolete, defective or damaged electronics, such as old smartphones, laptops, and other electronics that are no longer in use. We manage the disposal of obsolete, defective, or damaged products with extreme caution and strictly adhere to legal regulations for disposing of such products. By safely managing hazardous materials like lead, cadmium and mercury, we ensure that hazardous waste is minimized and environmental impact is mitigated.

[9] *The reported zero kg reflects the year-end balance. A total of 2,247 kg of hazardous waste was treated within the 2025 cycle as verified by Certificates of Treatment, ensuring no hazardous waste remained on-site or in transit at year-end.*

[10] *The reported zero kg reflects the year-end balance. A total of 2,247 kg of hazardous waste was treated within the 2025 cycle as verified by Certificates of Treatment, ensuring no hazardous waste remained on-site or in transit at year-end.*

B. Sustainable Logistics

Air Emissions

Air emissions of our business operations are typically associated with the transportation and distribution of products, and the operation of our facilities. As our e-commerce customer base grows, we are strategically investing in our supply chain infrastructure and vehicle fleet to ensure delivery efficiency. While the expansion of these operations naturally increases our carbon footprint, we remain dedicated to managing this growth responsibly. We continuously monitor emission levels from our delivery network, focusing on data-driven insights to optimize routes and mitigate our environmental impact as we scale.

GHG

The transportation of products from our suppliers to our stores can result in emissions of Greenhouse Gases (GHG) and other air pollutants from trucks, ships, airplanes, and motorcycles. With the rise of our online market, transportation vehicles contribute to traffic congestion as they emit more amounts of GHG into our air, especially in urban areas.

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
Energy Indirect (Scope 2) GHG Emissions	-	Tonnes CO2e	2,583[12]	Tonnes CO2e

We acknowledge our contribution to climate change due to the nature of our business and supply chain management. We contemplate accounting for our emissions from sourcing to distribution of our products to our end-customers and set targets with climate change actions through mitigation or adaptation solutions in the future.

[12] *Based on the latest National Grid Emission Factor released by the Department of Energy (DOE) of 0.0007512 tonnes CO_2 per kilowatt-hour (average between 0.7181 tonnes CO_2 per megawatt-hour from the Luzon-Visayas Grid and 0.8173 tonnes CO_2 per megawatt-hour from the Mindanao Grid), 3,438,493 kWh would yield 6,592.51 tonnes CO_2.*

Environmental Compliance and Innovation

We continue to maintain 100% compliance with national environmental laws and regulations. Our waste management practices follow RA 9003 or the Ecological Solid Waste Management Act, which provides a systematic, comprehensive ecological waste management program to protect public health and the environment.

Sustainability is integrated directly into our core vision and mission, strategically balancing ecological responsibility with long-term financial growth. To uphold these standards, we have institutionalized rigorous internal protocols. Our employees are guided by clear mandates on proper waste segregation, workplace cleanliness, and utility conservation.

For the period covered, there were no reported cases of obsolescence and destruction of inventories that resulted in workplace hazards. Nonetheless, we are committed to developing a comprehensive and formal environmental policy and procedures to address any eventual increase of waste disposal level in the future under RA 6969 or the Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990 or the program of the Department of Environment and Natural Resources-Environmental Management Bureau (DENR-EMB) which covers the sound and proper management of industrial solid waste, chemicals, and hazardous wastes in all aspects of its life cycle, from importation, manufacture, distribution, transportation, use, and disposal.

Social

Empowering People and Communities

Inclusive Growth

We remain committed to our mission of creating a safe environment that respects our employees, cultivates knowledge and talent, and empowers them to be the best they can be through continuous career and development opportunities. We believe that our employees can contribute to our nation's technological development. We invest in comprehensive training programs to ensure our employees possess the skills required to manage our products and operations efficiently. We place great importance on attracting, developing, and retaining qualified employees. Our performance-based approach to compensation and rewards also contributes to our ability to attract and retain talent and drive performance.

A. Valuing Employee Growth

We invest in our team by giving them opportunities for success. This starts with placing the right employees for the right jobs and giving them compensation and benefits which we believe are competitive and designed to support the financial well-being of our employees and their families. To ensure long-term talent retention, we regularly review our incentive programs and remain dedicated to talent development. We also strive to manage talent development and engagement by continuously building skills at all levels and improving the work conditions and environment. This commitment to excellence drives overall performance and reinforces our position as the country's leading electronics wholesaler and retailer.

Employees from Octagon Computer Superstore in Naga City (Credits: Centrong Bicolandia)

Employee Training and Development

We aim to foster a strong sense of responsibility in a motivating environment to enhance our employees' incentives and loyalty. We prioritize continuous professional growth, integrating learning into daily operations through tailored training programs for all staff levels.

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
Total training hours provided to employees				
a. Female employees	Not Provided	hours	74	hours
b. Male employees	Not Provided	hours	240	hours
Average training hours provided to employees				
a. Female employees	Not Provided	hours/ employee	2	hours/ employee
b. Male employees	Not Provided	hours/ employee	4	hours/ employee

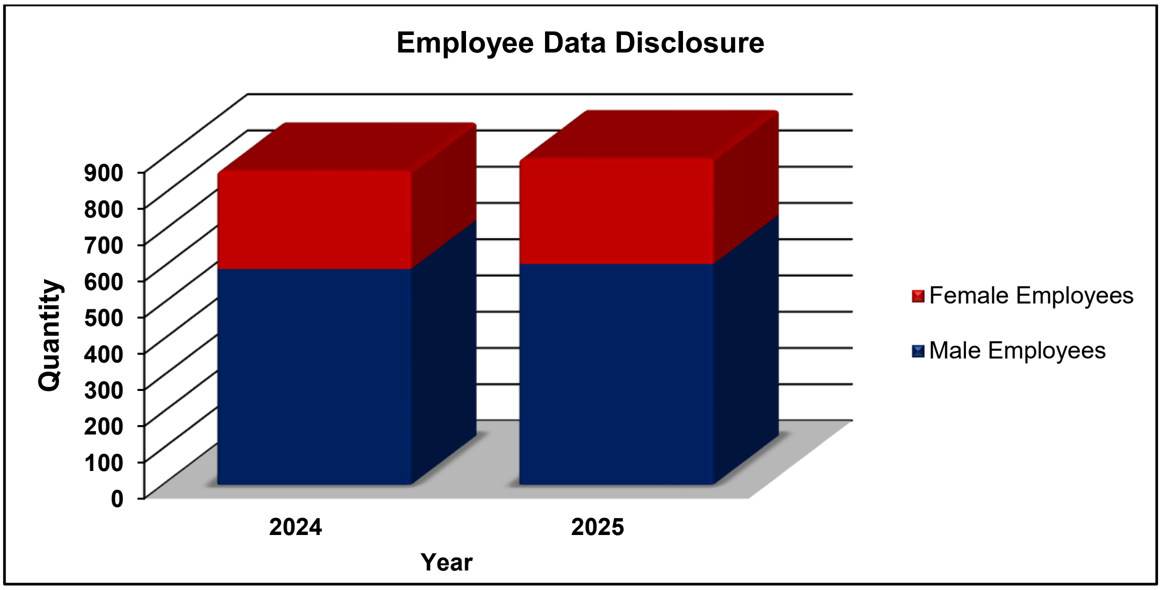
Training sessions are primarily conducted off-site, with only select sessions held at the head office. While total hours for these external sessions are being streamlined for reporting, all employees received formal onboarding covering corporate rules and regulations. Furthermore, we continue to conduct Health Maintenance Organization-Annual Physical Examination (HMO-APE) orientations.

B. Promoting Equal Work Opportunities

Employee Data

Despite Upson's commitment to fair compensation, we experienced an increase in our attrition rate to 17.31%, up from 16.62% last year. This rise in attrition was accompanied by a 4.62% increase in our workforce, adding 40 new employees. This growth is attributed to the replacement of exiting employees and the staffing of newly opened branches.

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
Total number of employees	866		906	
a. Number of female employees	271	#	297	#
b. Number of male employees	595	#	609	#
Attrition rate	16.62%	rate	17.31%	rate



Employee Benefits

Our performance-based reward system ensures that benefits are aligned with the quality and impact of each employee's contributions. The organization provides competitive salary packages augmented by performance-driven incentives designed to recognize and reward exceptional contributions.

List of Benefits	2024		2025	
	% of female employees who availed for the year	% of male employees who availed for the year	% of female employees who availed for the year	% of male employees who availed for the year
Social Security System (SSS)	43.91%	31.26%	27.95%	20.20%
PhilHealth[13]	7.38%	2%	7.07%	3.45%
Pag-IBIG[14]	32.10%	31.00%	28.96%	26.77%
Parental leaves	7.01%	0.67%	5.39%	2.13%
Vacation leaves	No Data	No Data	27.95%	31.52%
Sick leaves	1.84%	1.51%	1.68%	1.31%
Medical benefits (aside from PhilHealth)	1.84%	1.51%	1%	0%
Retirement fund (aside from SSS)	0%	0.16%	0%	0%
Company stock options	0	0	0	0

The decline in SSS and HDMF benefit claims for 2025 is primarily attributed to a lower number of eligible claimants. PhilHealth claims also decreased compared to 2024 due to a lower incidence of illness and childbirth among members. Furthermore, for maternal cases, employees opted to utilize their spouse's PhilHealth benefits instead.

[13] Philippine Health Insurance Corporation (PhilHealth) is a tax-exempt, government-owned and controlled corporation (GOCC) of the Philippines that provides health insurance to the country.
[14] Home Development Mutual Fund (HDMF), commonly known as the Pag-IBIG Fund (acronym of its Filipino name: Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya at Gobyerno.

Diversity and inclusiveness are core to who we are and how we work. We are committed to fostering a workplace culture where every employee experiences a genuine sense of belonging. We maintain a zero-tolerance policy towards harassment, abuse, and exploitation, ensuring a safe and protected environment for all. A key pillar of our diversity strategy is achieving gender equality, as we believe a balanced and inclusive workplace is essential to long-term success.

We empower our people to lead inclusively and collaborate with purpose every day. We do not condone discrimination as it would limit our employees' opportunities, professional growth, and impact self-esteem. We work with diversity and inclusion continuously in order to give all employees equal conditions for their individual career development.

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
% of female workers in the workforce	31.29	%	32.78	%
% of male workers in the workforce	68.71	%	67.22	%
Number of employees from indigenous communities and/or vulnerable sector[15]	0	#	0	#

[15] *Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with Human Immunodeficiency Virus (HIV) and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

Professional Excellence and Ethical Standards

A. Occupational Health and Safety

Disclosure	2024		2025	
	Quantity	Units	Quantity	Units
Safe Man-Hours	Not Provided	Man-hours	2,261,376[16]	Man-hours
No. of work-related injuries	1	#	0	#
No. of work-related fatalities	0	#	0	#
No. of work-related ill-health	0	#	0	#
No. of safety drills	0	#	1	#

We recognize that employee health is fundamental to operational success therefore, we promote physical wellness and tailor work assignments to accommodate individual health requirements and ergonomic needs. Safety drills are among the first aspects that are being trained for our employees. We implement rigorous safety measures such as conducting Earthquake drills to mitigate hazards and prevent workplace accidents. Our facilities, including all retail branches, are equipped with emergency response equipment that are readily accessible in the event of an incident.

Labor Laws and Human Rights

Upson has consistently demonstrated its unwavering commitment to upholding labor laws and human rights across all aspects of our operations and business transactions. Guided by our core value of integrity, we ensure full compliance in all relevant laws and regulations involving labor, maintaining zero (0) grievances or legal actions against forced or child labor. We have achieved this through the implementation of workplace policies that explicitly prohibit any violation of labor laws and human rights, ensuring a fair, safe, and respectful environment for all. We protect our employees' rights by creating a workplace that is free from harassment, abuse, and exploitation with legal compliance on labor laws. We have yet again achieved a milestone in fostering a responsible workplace as we proactively safeguard the well-being and rights of our employees, partners, and stakeholders.

All officers and personnel of Upson follow Upson's Code of Conduct, Employee Handbook, and Policies and Procedures. The Code of Ethics is the ethical standard of our personnel in all their activities. It outlines the principles and policies that govern the organization's activities and sets forth the rules of conduct in the workplace and the standards of behavior of all the officers, management team, and staff in their activities and relationship with external stakeholders. Our officers are obliged to take every action in the Code as part of their responsibility.

B. Ethical Sourcing

Upson maintains a vendor accreditation policy to ensure that we only contract with legitimate and reliable suppliers and to avoid disbursements to fictitious suppliers. This policy entails the assessment of possible whether they meet our criteria and approval. It aligns our responsibility of ethical sourcing as our product is made for its goodwill. The vendor accreditation process ensures that our new and existing suppliers and contractors are compliant in meeting specific

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[16] *The safe man hours were computed by multiplying no. of employees x 8 hours x 26 working days per month x 12 months (906 employees x 8 hours x 26 days x 12 months = 2,261,376 safe man-hours)*

minimum criteria, standards and organization requirements to be registered, eligible and approved to conduct business and provide services. When selecting suppliers, we prioritize industry experience, attention to detail and operational responsiveness. It involves going through an extensive supplier accreditation and approval process to vet the supplying company or contractor in various areas, including their service provision, safety and performance history, track record, financial capability, experience, insurance, and evidence of training and certifications. By maintaining these high standards, we build long term partnerships rooted in operational excellence and logistics quality. *The detailed process is outlined on page 57 of Upson's Accounting Manual Policies and Procedures.*

At Upson, we recognize that our suppliers play a vital role in advancing corporate sustainability. Since 2022, we have proactively integrated sustainability criteria into our vendor accreditation process, ensuring alignment with our commitment to environmental stewardship and ethical business practices. We consider (1) environmental performance as we assess our supplier's efforts to minimize ecological impact and adopt sustainable practices, (2) forced labor and (3) child labor as we remain vigilant in upholding human rights and preventing exploitation within supply chains, (4) human rights as we prioritize dignity, equality, and fairness across all operational levels, and (5) bribery and corruption as we ensure in every business transaction and interaction, there is integrity and accountability.

Customer Trust and Connection

As a retail company with operations nationwide, our entry into provincial centers can mean that the local economies in these areas are primed for greater activity, creating jobs for the personnel we will assign locally. We see this as a step in attaining technical advancement in our country and improving the lives of local communities. This also means that with an expanded store network, we have become members of various local communities with which we aspire to grow mutually. As we are committed to our sustainability goals, we ensure that every community benefits from our wide market presence.

A. Community Development

As we further mature in embedding sustainability in our business operations, we contemplate being involved in the local community where we operate through social activities and proactive support to various local units and agencies, civil and professional groups, aligned with their advocacies. As an electronics company, we provide digital reach to our local communities in improving their lives. We encourage our employees to participate in community projects, allowing them to champion our commitment to sustainability beyond the workplace.

B. Customer Management

We maintain the Warranty Terms and Conditions policy across our store locations which is aligned with RA 7394 or the Consumer Act of the Philippines, specifying that sellers are obliged to honor their warranties and grant corresponding remedies to consumers. As such, consumers should be allowed to return or exchange the goods, express their dissatisfaction, or avail themselves of other remedies, in case of hidden faults or defects, or any charge the buyer was unaware of at the time of purchase. We are readily available to address the concerns of our customers regarding our products' use and durability.

Our customers' satisfaction is highly dependent on the quality and effectiveness of the products we sell, and our ability to provide efficient after-sales services such as maintenance and repairs. We provide accurate product information when promoting to our customers. Furthermore, we have attained an 80-90% customer satisfaction rating based on our public customer feedback. While our suppliers cover service-related items such as warranty, maintenance, and repairs, a customer often directs and communicates with us for these services. Failing to provide satisfactory responses or being unresponsive can negatively impact customer satisfaction and loyalty.

Customer Returns

To effectively manage Customer Returns, we have established Policies and Procedures for Product Returns and Exchanges. Furthermore, we provide continuous training for our store teams who handle customer needs and concerns efficiently. We continuously train our staff for complex and critical communication to effectively support customers across all digital platforms. Our product return process is designed to be solutions-oriented, ensuring that every replacement or resolution directly addresses the customer's specific concerns. We also maintain strong relationship with our suppliers to ensure open lines of communication, particularly regarding customer-related issues.

Health and Safety

Safety is a collective responsibility at Upson. We are always doing our best to keep the workplace safe and free from hazards and potential risks that may cause harm or damage to both our employees and us as Upson. Our preventive maintenance programs for all equipment and supplies are central to this commitment, ensuring operational reliability and risk reduction.

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
No. of substantiated complaints on product or service health and safety	0	#	1	#
No. of complaints addressed	Not Applicable	#	1	#

The substantiated health and safety complaint involved a customer who accidentally collided with a glass door, resulting in a minor injury. The staff assisted the customer, and the incident was immediately addressed and resolved.

To promote a safe and positive experience for customers, we continue to strengthen our health and safety practices by minimizing incidents related to product or facility-related hazards. Safety signages are installed and all personnel are required to comply with established safety standards. Employees are expected to cooperate and adhere to the following safety rules:

a) Keeping out of restricted and unauthorized areas
b) Avoiding smoking inside the premises of the Company
c) Reporting wet floors, any leakage, faulty wires, or unusual electrical incidents immediately
d) Reporting any hazards observed or discovered in their work areas
e) Using and complying with the safety devices and signs installed by the Company
f) Turning off lights, computers, and air-conditioning units after duty
g) Conducting regular audits

Marketing and Labelling

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
No. of substantiated complaints on marketing and labelling[17]	2	#	0	#
No. of complaints addressed	2	#	0	#

Our marketing strategy is positioning the Octagon, Micro Valley, Gadget World, and Octagon Mobile brands as convenience and one-stop shopping stores for personal computer (PC) hardware components and gaming products, mobiles and other PC-related items. We extend our

[17] Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms, as well as complaints lodged to and acted upon by government agencies on marketing and labeling.

retail activities by maximizing online platforms to meet consumer convenience and increase market reach. Our objective is to make our brand the customer's preferred IT-related store.
Consistent customer satisfaction is always our goal when it comes to our products. We ensure that only authentic and untampered products are sold and offered in our stores. Moreover, our performance-based approach to compensation and rewards has created a proactive culture whereby the entire organization is motivated to enhance the business operations and reputation of Upson.

We also have the action to recall all marketing materials in such cases when these contain misleading information, inappropriate content, unintended controversial ideas, and the like.

We utilize our store network in establishing a strong brand recall. As we expand our operations electronically, we also pride ourselves on excellent customer service, wide range of products and faster access which we consider an effective marketing tool that allows customers to return to the store for future needs.

Data Privacy

We are committed to protecting the data privacy of our data subjects and ensuring that all personal information collected from them is processed according to the principles of transparency, legitimate purpose and proportionality pursuant to RA 10173 or the Data Privacy Act (DPA) of 2012. We are committed to the highest standards of data privacy, ensuring that sensitive customer information remains strictly confidential and protected.

Our website has a Data Privacy Notice (https://www.upson.com.ph/privacy-notice/) which includes required information and disclosures relating to our personal data processing such as data subjects' rights and the Data Protection Officer's (DPO) contact information, where they can contact the DPO with any questions, feedback, or complaints. We assure our customers that all communication details between us and them remain confidential and protected.

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
No. of substantiated complaints on customer privacy[18]	0	#	0	#
No. of complaints addressed	Not Applicable	#	Not Applicable	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#	0	#

To maintain the standard of zero complaints on customer privacy, Upson prioritized the continuous reinforcement of its data protection policies. This was achieved through regular internal reminders regarding the company's data privacy policies, ensuring all employees remained compliant with the Data Privacy act and maintained high standards for handling

[18] *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms, as well as complaints lodged to and acted upon by government agencies on customer privacy.*

sensitive information. Furthermore, there was no personal information on the data subjects used for secondary purposes.

Our data processing systems and inventories are as follows:

Description	Count
In-scope Data Processing System Subjected to Full Privacy Impact Assessment i. Human Resources ii. Loyalty Card Program iii. Retail Store Transactions	3
Personal Data i. Personal Information (124) ii. Sensitive Personal Information (58)	182
Data Subjects i. Applicant ii. Employee iii. Customer iv. Loyalty Card Member	4
Personal Information Controllers i. Manpower Agencies ii. HMO (Intellicare)	2

Data Security

As our operations transition toward digital platforms, maintaining data integrity remains a key priority. We mitigate risks associated with online marketplaces by investing in vetted security technologies and implementing robust internal policies. Our approach includes regular system monitoring, targeted software investments, and ongoing employee training to maintain a vigilant and informed defense against unauthorized access and data breaches.

Disclosure	2024		2025	
	Quantity	Unit	Quantity	Unit
No. of data breaches, including leaks, thefts and losses of data	0	#	0	#

There were no reported data leaks, thefts, or losses during this reporting period. Furthermore, in relation to our commitment to and compliance with the DPA of 2012, Upson has no security incidents or data breaches to report to the National Privacy Commission (NPC).

United Nation's Sustainable Development Goals

UN SUSTAINABLE DEVELOPMENT GOALS

In consideration of the United Nation's (UN) Sustainable Development Goals (SDGs), these goals were created to help solve the world's toughest challenges, such as poverty, inequality, and climate change, by 2030. Internal stocktaking of our operations and activities has enabled us to create positive synergies and conditions to address developmental challenges, such as responsible consumption and production, providing decent work, taking action on climate change, sustainably using natural resources, and addressing gender equality.

We believe our Strategy is well aligned with the global goals. We will continue to innovate our operations to demonstrate our support for tackling these compelling issues. The table below presents the year-on-year comparison of our progress toward our sustainability goals.

UN SDGs	Data	2024	2025
3 GOOD HEALTH AND WELL-BEING	Number of work-related injuries	0	0
5 GENDER EQUALITY	Composition of Female Employees	31.29%	32.78%
	Composition of Male Employees	68.71%	67.22%
	Number of Female Employees	271	297
	Number of Male Employees	595	609
	Attrition Rate	16.62%	17.31%
8 DECENT WORK AND ECONOMIC GROWTH	Total Revenue	11,131.42 M	11,833.67 M
	Number of Stock Keeping Units	15,125	16,015

UN SDGs	Data	2024	2025
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Number of Branches	245	240
	Number of Stand-Alone Stores	32	34
	Number of Mall-based Stores	213	206
	Number of Leased Warehouses	8	7
13 CLIMATE ACTION	Amount of Gasoline Consumed	454 GJ	688 GJ
	Amount of Electricity Consumed	-	3,438,493 kWh
	Amount of Water Consumed	3,794 m^3	6,421 m^3m^3
	Weight of Plastics Generated	12,428 kg	11,000 kg
	Weight of Recovered Plastics	1,797 kg	6,214 kg

Appendix

List of Retail Operations and Locations

N.	Brand	Location	Size
OCTAGON COMPUTER			
NATIONAL CAPITAL REGION			
1	Octagon Festival Super Mall	Festival Super Mall, Commerce Ave., Alabang, Muntinlupa City	682.56
2	Octagon Robinsons Manila	Robinsons Place Manila, Pedro Gil, Ermita, Manila	71.87
3	Octagon SM Fairview	SM Fairview, Quirino Hwy., Quezon City	93.89
4	Octagon Market Market	Market Market, McKinley Pkwy., BGC, Taguig City	120.00
5	Octagon SM Bicutan	SM Bicutan, Dona Soledad Ave., Paranaque City	65.91
6	Octagon SM Megamall	SM Megamall, EDSA, Ortigas Center, Mandaluyong City	940.06
7	Octagon SM Muntinlupa	SM Center Muntinlupa, National Road, Tunasan, Muntinlupa City	97.48
8	Octagon SM Marikina	SM City Marikina, Marcos Highway, Calumpang, Marikina City	182.00
9	Octagon ATC	Alabang Town Center, Madrigal Ave., Alabang, Muntinlupa City	289.08
10	Octagon SM North EDSA	SM North EDSA, North Ave., Quezon City	266.51
11	Octagon SM Novaliches	SM City Novaliches, Quirino Highway, Novaliches, Quezon City	75.89
12	Octagon Glorietta	Glorietta 2, Ayala Center, Makati City	214.25
13	Octagon SM San Lazaro	SM City San Lazaro, Felix Huertas St., Sta Cruz, Manila	147.56
14	Octagon Cash & Carry	Cash & Carry Mall, South Super Hwy., Palanan Makati City	88.59
15	Octagon VMall Greenhills	VMall Greenhills, Ortigas Ave., Greenhills, San Juan City	96.37
16	Octagon SM San Mateo	SM City San Mateo, Gen Luna St., Ampid, San Mateo, Rizal	150.07
17	Octagon Uptown Mall	Uptown Mall, 9th Ave., BGC, Taguig City	142.89
18	Octagon Sucat	SM City Sucat, Doctor Arcadio Avenue, Brgy. Dionisio, Paranaque City	161.49
19	Octagon SM Taytay	SM City Taytay, Manila E Road, Dolores, Taytay, Rizal	78.75
20	Octagon Ayala De Bay	Ayala De Bay, Macapagal Ave., Baclaran, Paranaque City	331.58
21	Octagon SM Masinag	SM City Masinag, Marcos Highway, Masinag, Antipolo City, Rizal	128.56

N.	Brand	Location	Size
22	Octagon Pasong Tamo	Chino Roces Ave, Makati, 1203 Metro Manila	291.00
23	Octagon Unimart	Capitol Commons, Meralco Ave., Ortigas Center, Pasig City	48.04
24	Octagon Trinoma	Trinoma, North Ave., Quezon City	181.33
25	Octagon Fairview Terraces	Ayala Malls Fairview Terraces, Quirino Highway, Novaliches, Quezon City	112.69
26	Octagon Eastwood	Eastwood, Eulogio Rodriguez Jr. Ave., Bagumbayan, Quezon City	81.30
27	Octagon SM Cubao	SM Store Araneta City, P. Tuazon Blvd., Araneta City, Cubao, Quezon City	80.03
28	Octagon Robinsons Magnolia	Robinsons Magnolia, Aurora Blvd., Kaunlaran, Quezon City	84.81
29	Octagon SM Sta Mesa	SM City Sta. Mesa, Ramon Magsaysay Blvd., Doña Imelda, Quezon City	142.22
30	Octagon Galleria	Robinsons Galleria, EDSA, Ortigas Center, Quezon City	101.80
31	Octagon Mall of Asia	SM Mall of Asia, Seaside Blvd., Pasay City	200.45
32	Octagon Sta Lucia Grandmall	Sta. Lucia Mall, Marcos Highway, San Isidro, Cainta, Rizal	88.06
33	Octagon SM Valenzuela	SM City Valenzuela, Mc Arthur Highway, Valenzuela City	134.82
34	Octagon Ayala Mall Feliz	Ayala Mall Feliz, Marcos Highway, Pasig City	67.69
35	Octagon SM Southmall	SM Southmall, Alabang-Zapote Road, Las Piñas City	258.62
36	Octagon SM Manila	SM City Manila, Natividad Almeda-Lopez, Ermita, Manila	62.88
37	Octagon SM Grand Central	SM City Grand Central, Rizal Ave. Ext, Grace Park East, Caloocan City	128.00
38	Octagon SM BF Paranaque	SM City BF Parañaque, Dr. Santos Ave., Parañaque City	125.43
39	Octagon Aurora Boulevard	2934 Ramon Magsaysay Boulevard, Sta. Mesa, City of Manila	215.00
40	Octagon Ayala Vertis	Ayala Vertis, North Ave., Bagong Pag-asa, Quezon City	201.32
41	Octagon Ayala Cloverleaf	Ayala Cloverleaf, A. Bonifacio Ave., Quezon City	61.00
42	Octagon Lucky Chinatown	Lucky Chinatown Mall, Reina Regente St., Binondo, Manila	128.68
43	Octagon Greenhills	Greenhills, Ortigas Ave, San Juan City	181.09
44	Octagon Gateway	Gateway Mall, Araneta City, Cubao, Quezon City	157.70

N.	Brand	Location	Size
45	Octagon SM Caloocan	SM City Caloocan, Barangay 171, Caloocan	99.47
46	Octagon Opus Mall	Opus Mall, Bridgetowne Blvd, Quezon City	147.70
47	Octagon SM East Ortigas	SM City East Ortigas, Ortigas Ave. Ext., Pasig City	75.93
48	Octagon One Ayala	One Ayala, Ayala Ave, Ayala Center, Makati City	101.75
NORTH LUZON			
49	Octagon SM Tuguegarao	SM Center Tuguegarao Downtown, Mabini St., Tuguegarao City, Cagayan	123.47
50	Octagon Vigan	19 Quezon Avenue, Vigan City, Ilocos Sur	73.00
51	Octagon SM Pampanga	SM City Pampanga, Jose Abad Santos Ave., San Jose, San Fernando, Pampanga	166.03
52	Octagon Tuguegarao	Gosiengfiao Bldg., A Luna St., Tuguegarao City, Cagayan	85.00
53	Octagon SM Baliwag	SM City Baliwag, Dona Remedios Trinidad Highway, Baliuag, Bulacan	176.64
54	Octagon SM Olongapo	SM City Olongapo Downtown, Gordon Ave., Olongapo City, Zambales	70.62
55	Octagon Urdaneta CB Mall	CB Mall Urdaneta, San Vicente Rd., Urdaneta City, Pangasinan	146.00
56	Octagon SM City Tarlac	SM City Tarlac, Mc Arthur Highway, San Roque, Tarlac City, Tarlac	93.67
57	Octagon Starmall San Jose Del Monte	Starmall San Jose Del Monte, Quirino Hwy., San Francisco Del Monte, Bulacan	72.25
58	Octagon SM Cauayan	SM City Cauayan, Cauayan City, Isabela	50.16
59	Octagon SM Clark	SM City Clark, Manuel A. Roxas Hwy., Clark Freeport, Angeles City, Pampanga	50.00
60	Octagon Robinsons Tuguegarao	Robinsons Tuguegarao, Tanza, Tuguegarao City, Cagayan	105.55
61	Octagon SM Center Pulilan	SM Center Pulilan, Plaridel-Pulilan Diversion Rd., Pulilan, Bulacan	67.19
62	Octagon SM Urdaneta	SM City Urdaneta, 2nd Street, Urdaneta City, Pangsinan	114.61
63	Octagon Robinsons Santiago	Robinsons Santiago, Maharlika Highway, Mabini, Santiago City, Isabella	78.15
64	Octagon Robinsons Calasiao,	Robinsons Calasiao, MacArthur Highway, Brgy San Miguel, San Fernando, Pangasinan	104.51
65	Octagon Vigan Xentromall	XentroMall Vigan, Quezon Ave., Vigan City, Ilocos Sur	105.00
66	Octagon SM Telabastagan	SM City Telabastagan, Mc Arthur Highway, San Fernando, Pampanga	81.31
67	Octagon NE Pacific Mall	NE Pacific Mall, 1st Street, Cabanatuan City, Nueva Ecija	148.72

N.	Brand	Location	Size
68	Octagon SM San Jose	SM City San Jose Del Monte, Quirino Hwy., San Jose del Monte, Bulacan	130.21
69	Octagon Robinsons Ilocos	Robinsons Ilocos, San Francisco, San Nicolas, Ilocos Norte	150.00
70	Octagon SM Olongapo	SM City Olongapo Central, Rizal Avenue Extension, Olongapo City, Zambales	106.60
71	Octagon SM Marilao	SM City Marilao, MacArthur Hwy., Marilao, Bulacan	115.14
72	Octagon Robinsons La Union	Robinsons La Union, MacArthur Highway, San Fernando, La Union	96.83
73	Octagon SM Cabanatuan	SM City Cabanatuan, Hermogenes C. Concepcion Sr., Cabanatuan City, Nueva Ecija	116.48
74	Octagon SM Baguio	SM City Baguio, Luneta Hill, Baguio City, Benguet	161.99
75	Octagon SM Rosales	SM City Rosales, MacArthur Hwy., Rosales, Pangasinan	54.61
76	Octagon SM Tuguegarao	SM City Tuguegarao, Bagay Road, Barangay Caritan Norte, Tuguegarao City, Cagayan	90.07
77	Octagon Robinsons Gapan	Robinsons Gapan, Gapan City, Nueva Ecija	116.32
78	Octagon SM Bataan	SM City Bataan, Balanga City, Bataan	122.74
79	Octagon Dagupan	Nepo Mall , A.B. Fernandez Avenue, Dagupan City, Pangasinan	260.50
80	Octagon San Carlos	San Carlos Town Center, Rizal Ave., San Carlos, Pangasinan	189.98
81	Octagon Cabanatuan	UIC Building, Rizal St., Brgy. Matadero, Cabanatuan City	351.00
82	Octagon Puregold Laoag	Puregold Laoag, S. Fonacier, Laoag City, Ilocos Norte	72.00
83	Octagon SM Laoag	SM City Laoag, Airport Rd., Laoag City, Ilocos Norte	150.41
84	Octagon SM La Union	SM City La Union, Diversion Road, San Fernando City, La Union	86.31
SOUTH LUZON			
85	Octagon SM Lucena	SM City Lucena, Maharlika Highway, Lucena City, Quezon	135.04
86	Octagon Batangas	RL Bldg., D Silang St. Cor. P.Burgos St., Batangas City, Batangas	110.00
87	Octagon SM Batangas	SM City Batangas, M. Pastor Ave., Pallocan Kanluran, Batangas City, Batangas	90.96
88	Octagon SM Dasmariñas	SM City Dasmariñas, Governor’s Drive, Dasmariñas, Cavite	203.44
89	Octagon SM Lipa	SM City Lipa, JP Laurel Highway, Lipa City, Batangas	59.72
90	Octagon SM Naga	SM City Naga, Ninoy & Cory Ave., CBD II, Triangulo, Naga City, Camarines Sur	42.43

N.	Brand	Location	Size
91	Octagon SM Rosario	SM City Rosario, General Trias Drive, Tejeros, Rosario, Cavite	111.09
92	Octagon Xentromall	Xentromall Calapan, Roxas Dr., Calapan City, Oriental Mindoro	129.28
93	Octagon SM Trece Martires	SM City Trece Martires, Governor's Dr., Trece Martires, Cavite	204.66
94	Octagon General Trias	Robinsons Place General Trias, Antero Soriano Hwy., Brgy. Tejero, General Trias, Cavite	201.25
95	Octagon SM Molino	SM City Molino, Molino-Paliparan Rd., Molino IV, Bacoor, Cavite	111.01
96	Octagon Robinsons Lipa	Robinsons Lipa, President Jose P. Laurel Hwy., Lipa City, Batangas	70.16
97	Octagon Robinsons Galleria South	Robinsons Galleria South, Manila S Road, San Pedro Laguna	154.43
98	Octagon LCC Mall	LCC Mall, Peñaranda St., Legazpi Port District, Legazpi City, Albay	84.00
99	Octagon Tabaco Mall	Tabaco City Mall, Gen. Luna Street, Divino Rostro, Tabaco City, Albay	121.40
100	Octagon NCCC Mall	NCCC Mall Palawan, Lacao Street, Puerto Princesa, Palawan	137.10
101	Octagon SM Bacoor	SM City Bacoor, Bacoor Tirona, Highway, Bacoor, Cavite	119.28
102	Octagon SM Legazpi	SM City Legazpi, I. Roces Avenue, Legazpi City, Albay	73.18
103	Octagon SM Palawan	SM City Palawan, Malvar St., Puerto Princesa, Palawan	54.51
104	Octagon SM Sta. Rosa	SM City Sta. Rosa, Old National Highway, Sta. Rosa, Laguna	158.08
105	Octagon SM San Pablo	SM City San Pablo, National Hwy., Brgy. San Rafael, San Pablo, Laguna	82.10
106	Octagon SM Lemery	SM Center Lemery, Illustre Ave., Lemery, Batangas	102.00
107	Octagon SM Daet	SM City Daet, Vinzons Avenue, Daet, Camarines Norte	132.12
108	Octagon Robinsons Palawan	Robinsons Palawan, National Highway, Brgy. San Manuel, Puerto Princesa, Palawan	98.40
109	Octagon Pacific Mall	Landco Business Park, F. Imperial St., Legazpi City	121.37
110	Octagon SM Calamba	SM City Calamba, National Highway, Real, Calamba City, Laguna	49.77
111	Octagon Calapan	Home Mark Bldg. J.P. Rizal St., Calapan, Oriental Mindoro	216.00
112	Octagon Pinamalayan	A. Mabini Boulevard, Pinamalayan, Oriental Mindoro	189.00
113	Octagon, San Jose	9327, Liboro Street, San Jose, Occidental Mindoro	330.00

N.	Brand	Location	Size
114	Octagon SM Tanza	SM City Tanza, Antero Soriano Highway, Daang Amaya, Tanza, Cavite	59.48
115	Octagon SM San Pedro	SM Center San Pedro, San Pedro, Laguna	144.38
116	Octagon SM Sto. Tomas	SM Sto. Tomas, Pan-Philippine Hwy., San Roque, Sto. Tomas, Batangas	105.63
117	Octagon Ayala Legaspi	Ayala Legaspi, Rizal Street, Capantawan, Legaspi City, Albay	107.40
118	Octagon SM City Roxas	SM City Roxas, Arnaldo Boulevard, Roxas, Oriental Mindoro	94.80
119	Octagon The Outlet	Lima Technology Center, Special Economic Zone, Lipa City, Batangas	124.22
120	Octagon LCC Masabate	LCC Market City of Masbate, Tara Street, Masbate City, Masbate	95.00
121	Octagon Sorsogon	Maya Building, Rizal Street, Sorsogon City, Sorsogon	144.00
122	Octagon Malvar	Malvar St., Puerto Princesa, Palawan	385.00
123	Octagon Naga	Octagon + iStudio Plus, Paz Street, Naga City, Camarines Sur	586.00
VISAYAS			
124	Octagon SM Cebu	SM City Cebu, Northwing, Juan Luna Ave., Mabolo, Cebu City, Cebu	413.25
125	Octagon Bacolod	Yusay Arcade Araneta Ave., Bacolod City, Negros Occidental	112.78
126	Octagon Dumaguete	Dona Plaza Milagros Bldg., Percides St., Dumaguete City, Negros Oriental	140.00
127	Octagon Robinsons Iloilo	Robinsons Place Iloilo, Quezon St., Iloilo City, Iloilo	113.4
128	Octagon SM City Bacolod	SM City Bacolod, Rizal St., Reclamation Area, Bacolod City, Negros Occidental	118.33
129	Octagon IT Park	Cebu IT Park, Apas, Cebu City, Cebu	163.84
130	Octagon Cebu Ayala	Ayala Center Cebu, Barrio Luz, Cebu City, Cebu	138.98
131	Octagon Robinsons Cebu	Robinsons Galleria Cebu, Gen. Maxilom Avenue Extension, Carreta, Cebu City, Cebu	91.48
132	Octagon SM Seaside	SM Seaside City Cebu, Cebu South Coastal Rd., Mambaling, Cebu City, Cebu	185.29
133	Octagon Ayala Malls Bacolod	Ayala Malls Capitol Central, Gatuslao St., Bacolod City, Negros Occidental	141.95
134	Octagon Tacloban 3	RUL Bldg., Romualdez St. Tacloban City, Leyte	270.00
135	Octagon SM Tacloban	SM Savemore Tacloban, Justice Romualdez St., Downtown, Tacloban City, Leyte	95.69
136	Octagon Robinsons Tacloban	Robinsons Tacloban, Tabuan National Highway, Marasbaras, Tacloban City, Leyte	48.65

N.	Brand	Location	Size
137	Octagon SM Iloilo	SM City Iloilo, Senator Benigno S. Aquino Ave., Mandurriao, Iloilo City, Iloilo	321.25
138	Octagon Robinsons Dumaguete	Robinsons Place Dumaguete, Calindagan, Dumaguete City, Negros Oriental	99.75
139	Octagon Robinsons Bacolod	Robinsons Bacolod Northwing, Lacson St., Mandalagan, Bacolod City, Negros Occidental	147.49
140	Octagon Robinsons Jaro	Robinsons Place Jaro, E Lopez St., Brgy. San Vicente, Jaro, Iloilo City, Iloilo	75.91
141	Octagon SM Ormoc	SM Center Ormoc, Real St., Ormoc City, Leyte	66.15
142	Octagon SM Roxas	SM City Roxas, Arnaldo Blvd. Brgy. Baybay Roxas City, Capiz	66.50
143	Octagon Festival Walk	Festival Walk Mall, Megaworld Blvd., Manduriao, Iloilo City, Iloilo	224.00
144	Octagon Parkmall Mandaue	Parmkmall, Ouano Ave., Mandaue Reclamation Area, Mandaue City, Cebu	129.61
MINDANAO			
145	Octagon Iligan 1	Dream Star Bldg., Mariam Badelles St., Iligan City, Lanao Del Norte	140.00
146	Octagon Butuan 1	Cuason Bldg., Libertad, Butuan City, Agusan Del Norte	200.00
147	Octagon Surigao	Rosalyn Bldg., Rizal St., Surigao City, Washington, Surigao Del Norte	129.00
148	Octagon Limketkai Mall	Limketkai Center, Limketkai Avenue, Lapasan, Cagayan De Oro City, Misamis Oriental	285.44
149	Octagon Centrio Mall	Centrio Mall, C.M. Recto Ave., Cagayan De Oro City, Misamis Oriental	137.98
150	Octagon Dipolog 2	Lee Plaza City Central, Quezon Ave., Dipolog City, Zamboanga del Norte	70.00
151	Octagon KCC Mall	KCC Mall De Zamboanga, Gov. Camins Rd., Camino Nuevo, Zamboanga City, Zamboanga Del Sur	224.20
152	Octagon Robinsons Iligan	Robinsons Place Iligan, Macapagal Ave., Iligan City, Lanao Del Norte	125.81
153	Octagon SM Mindpro	SM City Mindpro, La Purisima St., Zone III, Zamboanga City, Zamboanga Del Sur	83.49
154	Octagon Robinsons Butuan	Robinsons Place Butuan, J.C. Aquino Ave., Butuan City, Agusan Del Norte	65.60
155	Octagon SM CDO	SM Cagayan De Oro Downtown, Claro M. Recto, Cagayan De Oro City, Misamis Oriental	72.31
156	Octagon Valencia 2	Fujifilm Building, Sayre Highway, Valencia City, Bukidnon	200.00
157	Octagon Zamboanga	Jasmine Tower, Mayor Jaldon St., Zamboanga City, Zamboanga Del Sur	220.00
158	Octagon Ozamis	Occidental Chua Hong Bldg., Don Aselmo Bernard Ave., Ozamis City, Misamis Occidental	185.00

N.	Brand	Location	Size
159	Octagon SM Butuan	SM City Butuan, J.C. Aquino Ave., Lapu-Lapu, Butuan City, Agusan Del Norte	73.72
160	Octagon CDO 1	145 Gomez Cor. Velez St., Cagayan De Oro, Misamis Oriental	190.00
161	Octagon Gaisano Supermall	Gaisano Supermall Iligan, Roxas Ave., Villaverde, Iligan City, Lanao del Norte	75.87
162	Octagon Robinsons Valencia City	Robinsons Place Valencia, Bagontaas, Valencia City, Bukidnon	134.79
163	Octagon Dipolog 3	Ground Floor C-B-CO General Luna St., Central Barangay, Dipolog City, Zamboanga del Norte	171.00
164	Octagon San Francisco Agusan	San Francisco-Barobo Rd., San Francisco, Agusan del Sur	210.00
165	Octagon Ipil Zamboanga	Gaisano Grand Mall Ipil, Pan-Philippine Hwy., Ipil, Zamboanga Sibugay	100.00
166	Octagon Robinsons Pagadian	F.S. Pajares Ave., San Francisco District, Pagadian City, Zamboanga Del Sur	147.56
167	Octagon Cotabato	Elena V. Co Bldg., Don Rufino Alonzo St.,Cotabato City, Maguindanao del Norte	110.00
168	Octagon Marbel	Jayven's Bldg. cor. Posadas St., Gensan Drive, Koronadal City, South Cotabato	162.95
169	Octagon Abreeza Mall	Ayala Mall Abreeza, J.P. Laurel Ave., Bajada, Poblacion District, Davao City, Davao del Sur	100.82
170	Octagon SM General Santos	SM City General Santos, Corner Santiago Blvd., General Santos City, South Cotabato	158.96
171	Octagon Digos	Gaisano Mall of Digos, Tres De Mayo, Digos City, Davao del Sur	145.86
172	Octagon Surigao 2	Km. 4, Gaisano Capital, Surigao City, Surigao del Norte	99.30
173	Octagon Veranza Mall	Veranza, J. Catolico Sr. Ave., Lagao, General Santos City, South Cotabato	94.28
174	Octagon General Santos	Kaman Bldg., Jose Catolico Sr. Ave., Lagao, General Santos City, South Cotabato	263.00
175	Octagon Tagum	Gaisano Mall Tagum, National Highway, Briz District, Tagum City, Davao Del Norte	136.07
176	Octagon SM Lanang	SM Lanang, J.P. Laurel Ave, Agdao District, Davao City, Davao del Sur	226.84
177	Octagon KCC Marbel Mall	KCC Mall of Marbel, Gen. Santos Drive, Koronadal, South Cotabato	192.00
178	Octagon Davao	Gaisano Mall of Davao, JP Laurel Ave., Bajada, Davao City, Davao del Sur	156.66
179	Octagon SM Davao	SM City Davao, Quimpo Blvd. Ecoland, Davao City, Davao del Sur	74.69
180	Octagon Mati	Chan Bldg., Rizal Cor. Bonifacio St., Brgy. Central, Mati City, Davao Oriental	80.00
181	Octagon Malaybalay	Sayre Centrum Bldg., Abello St., Malaybalay City, Bukidnon	136.00

N.	Brand	Location	Size
182	Octagon Kidapawan	Quezon Boulevard, Kidapawan, South Cotabato	142.60
183	Octagon KCC	KCC Mall of Cotabato, Cotabato City, Maguindanao del Norte	99.50
184	Octagon Victoria Davao 7	Victoria Plaza, JP Laurel Ave., Davao City, Davao del Sur	66.11
MICRO VALLEY			
NATIONAL CAPITAL REGION			
185	Micro Valley SM North	SM North EDSA, North Ave., Quezon City	242.31
186	Micro Valley SM San Mateo	SM City San Mateo, Gen Luna St., Ampid, San Mateo, Rizal	94.87
187	Micro Valley Vmall	VMall Greenhills, Ortigas Ave., Greenhills, San Juan City	93.00
188	Micro Valley SM Southmall	SM Southmall, Alabang-Zapote Road, Las Piñas City	77.56
189	Micro Valley SM Sucat	SM City Sucat, Doctor Arcadio Avenue, Brgy. Dionisio, Paranaque City	53.50
190	Micro Valley SM Araneta City	P. Tuazon Boulevard, Araneta City,Cubao, Quezon City	75.29
191	Micro Valley Robinsons Place Manila	Robinsons Place Manila, Pedro Gil cor M. Adriatico St., Ermita, Manila	70.47
NORTH LUZON			
192	Micro Valley SM Cabanatuan	SM City Cabanatuan, Hermogenes C. Concepcion Sr., Cabanatuan City, Nueva Ecija	54.60
193	Micro Valley Tuguegarao	Tanza, Tuguegarao City, Cagayan	32.66
194	Micro Valley Robinsons Santiago	Robinsons Santiago, Maharlika Highway, Mabini, Santiago City, Isabella	114.00
SOUTH LUZON			
195	Micro Valley SM Dasmariñas	SM City Dasmariñas, Governor's Drive, Dasmariñas, Cavite	188.44
196	Micro Valley SM Batangas	SM City Batangas, M. Pastor Ave., Pallocan Kanluran, Batangas City, Batangas	103.70
197	Micro Valley Pacific Mall Lucena	Tagarao St., Lucena City, Quezon	96.12
198	Micro Valley SM Molino	SM City Molino, Molino-Paliparan Rd., Molino IV, Bacoor, Cavite	83.04
199	Micro Valley SM Lucena	SM City Lucena, Maharlika Highway, Lucena City, Quezon	54.73
200	Micro Valley SM Sta. Rosa	SM City Sta. Rosa, Old National Highway, Sta. Rosa, Laguna	48.74
VISAYAS			
201	Micro Valley SM Iloilo	SM City Iloilo, Senator Benigno S. Aquino Ave., Mandurriao, Iloilo City, Iloilo	186.87
202	Micro Valley SM Bacolod	SM City Bacolod, Rizal St., Reclamation Area, Bacolod City, Negros Occidental	73.90

N.	Brand	Location	Size
203	Micro Valley Dumaguete	PO's Marketing Bldg., Dr. V. Locsin St., Dumaguete City, Negros Oriental	70.00
204	Micro Valley Dumaguete (Outside)	GEU Bldg San Jose St., Pob 3., Dumaguete City, Negros Oriental	100.00
205	Micro Valley Ayala Bacolod	Ayala Malls Capitol Central, Gatuslao St., Bacolod City, Negros Occidental	117.43
SOUTH MINDANAO			
206	Micro Valley Davao Ecoland	SM City Davao, Quimpo Blvd. Ecoland, Davao City, Davao del Sur	119.10
207	Micro Valley KCC Mall General Santos	KCC Mall of Gensan, Jose Catolico Sr. Ave., Lagao, General Santos City, South Cotabato	72.00
208	Micro Valley CDO Centrio	Centrio Mall, C.M. Recto Ave., Cagayan De Oro City, Misamis Oriental	130.91
GADGET WORLD			
NATIONAL CAPITAL REGION			
209	Gadget World Sucat	SM City Sucat, Doctor Arcadio Avenue, Brgy. Dionisio, Paranaque City	59.20
210	Gadget World Festival	Festival Super Mall, Commerce Ave., Alabang, Muntinlupa City	194.16

Concept Store

Our concept store carries a broad range and exclusive products from a single IT brand. Each concept store ensures the specialization and expertise of the brand's product to target customers with strong brand loyalty. These stores have a floor area, ideally ranging from 20 to 114 sqm. As of December 31, 2025, we have a total of 22 concept stores – ACER (12), Brother (4), HP (4), Lenovo (1), and TP-Link (1). Currently, we are in the process of negotiating and discussing with other well-known IT brands for expansion.

Concept Store Location

N.	Brand	Location	Size
211	ACER	Trinoma, North Ave., Quezon City	113.92
212	ACER	SM City Urdaneta, 2nd Street, Urdaneta City, Pangsinan	51.25
213	ACER	Limketkai Center, Limketkai Avenue, Lapasan, Cagayan De Oro City, Misamis Oriental	78.85
214	ACER	Gaisano Mall of Davao, JP Laurel Ave., Bajada, Davao City, Davao del Sur	63.17
215	ACER	Robinsons Santiago, Maharlika Highway, Mabini, Santiago City, Isabella	61.59
216	ACER	Market Market, McKinley Pkwy., BGC, Taguig City	78.82

N.	Brand	Location	Size
217	ACER	KCC Mall of Gensan, Jose Catolico Sr. Ave., Lagao, General Santos City, South Cotabato	41.43
218	ACER	SM Center Ormoc, Real St., Ormoc City, Leyte	105.27
219	ACER	SM City Molino, Molino-Paliparan Rd., Molino IV, Bacoor, Cavite	19.83
220	ACER	Opus Mall, Bridgetowne Blvd, Quezon City	90.29
221	ACER	Glorietta 2, Ayala Center, Makati City	43.18
222	ACER	Robinsons Lipa, President Jose P. Laurel Hwy., Lipa City, Batangas	37.60
223	Brother	Limketkai Center, Limketkai Avenue, Lapasan, Cagayan De Oro City, Misamis Oriental	69.30
224	Brother	SM North EDSA Annex, North Ave, Quezon City	50.17
225	Brother	SM City Cabanatuan, Hermogenes C. Concepcion Sr., Cabanatuan City, Nueva Ecija	59.92
226	Brother	SM Fairview, Quirino Hwy., Quezon City	30.24
227	HP	Glorietta 2, Ayala Center, Makati City	61.00
228	HP	Festival Super Mall, Commerce Ave., Alabang, Muntinlupa City	76.79
229	HP	Robinsons Bridgetowne, Quezon City	81.15
230	HP	SM City Laoag, Airport Rd., Laoag City, Ilocos Norte	49.41
231	LENOVO	SM City Dasmariñas, Governor’s Drive, Dasmariñas, Cavite	41.66
232	TP-LINK	SM North EDSA Annex, North Ave, Quezon City	19.88

Mobile Store

The Octagon Mobile store is our specialty store focusing on communication and connectivity devices such as mobile phones, tablets, networking products, and mobile-related accessories. Mobile stores ideally should have a floor area between 30 to 59 sqm. As of December 31, 2025, we have eight (8) Octagon Mobile stores.

Mobile Store Location

N.	Brand	Location	Size
233	Octagon Mobile	SM City Sta. Mesa, Ramon Magsaysay Blvd., Doña Imelda, Quezon City	51.47
234	Octagon Mobile	SM City Urdaneta, 2nd Street, Urdaneta City, Pangsinan	51.00
235	Octagon Mobile	SM City BF Parañaque, Dr. Santos Ave., Parañaque City	48.67
236	Octagon Mobile	SM City Sucat, Doctor Arcadio Avenue, Brgy. Dionisio, Paranaque City	40.16
237	Octagon Mobile	SM Southmall, Alabang-Zapote Road, Las Piñas City	39.88
238	Octagon Mobile	SM City Valenzuela, Mc Arthur Highway, Valenzuela City	35.00
239	Octagon Mobile	SM City Bacolod, Rizal St., Reclamation Area, Bacolod City, Negros Occidental	58.60
240	Octagon Mobile	Festival Super Mall, Commerce Ave., Alabang, Muntinlupa City	30.23

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