

COVER SHEET

for AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 1 0 2 1 3 7

Company Name

C I R T E K H O L D I N G S P H I L I P P I N E S

C O R P O R A T I O N A N D S U B S I D I A R I E S

Principal Office (No./Street/Barangay/City/Town) Province)

1 1 6 E A S T M A I N A V E N U E , P H A S E V

S E Z , L A G U N A T E C H N O P A R K , B I Ñ A N

L A G U N A

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

S T O C K I S S U E R

COMPANY INFORMATION

Company's Email Address

mlourdes.larano@cirtek.ph

No. of Stockholders

28

Company's Telephone Number/s

(632) 7729-6205

Annual Meeting
Month/Day

29-May

Mobile Number

0917 777 1822

Fiscal Year
Month/Day

31-Dec

CONTACT PERSON INFORMATION

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

Name of Contact Person

Brian Gregory Liu

Email Address

brian.liu@cirtek.ph

Telephone Number/s

(632) 7729-6205

Mobile Number

N/A

Contact Person's Address

116 East Main Ave., Phase V SEZ Laguna Technopark, Biñan Laguna

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 of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



CIRTEK HOLDINGS Philippines Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein as of December 31, 2025 and 2024 and for each of the three years then ended December 31, 2025 in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

R.S. Bernaldo & Associates, the independent auditors appointed by the stockholders has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JERRY LIU
Chairman of the Board

ANTONIO S. CALLUENG
President and Chief Executive Officer


BRIAN GREGORY LIU
Chief Financial Officer

Signed this 05th day of May 2026

MAY 05 2026

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2026 affiants exhibiting to me their respective Government ID, as follows:

<u>Name</u>	<u>ID No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
JERRY LIU	361906026	March 17,2023	Lianing, China
BRIAN GREGORY LIU	NO1-04-002307	February 10,2024	City of Manila
ANTONIO CALLUENG	P8094340B	November 05,2021	DFA Manila


ATTY. BENEDICTO M. JOSE

Notary Public for the City of Sta. Rosa
Until December 31, 2027

Notarial Commission A.N.C. No. 0133-SRCL
Unit 5 Estrellita Bldg., Sta. Rosa-Tagaytay
Road, Brgy. Don Jose, Sta. Rosa City, Laguna
MCLE Compliance No. VIII-0032684; 05.05.25
PTR No. 5179966; 01.05.26; Sta. Rosa City
IBP Lifetime No. 011555; 02.11.2013
Roll No. 43868

Doc. No. 225 ;
Page No. 46 ;
Book No. 16 ;
Series of 2026



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
116 East Main Avenue, Phase V-SEZ
Laguna Technopark, Binan, Laguna

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES** (the "Group"), which comprise the consolidated statements of financial position as of 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 each of the three years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated 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) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the consolidated financial statements of the current period. These matters were addressed in the context of our audits 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.

Key Audit Matter 1

The Risk

In our view revenue recognition is significant to our audit since the Group is a profit-oriented business and a publicly-listed. The accounting policies for revenue recognition are set out in Note 4.

Our Response

Our audit procedures relating to revenue recognition included: understanding the Group's revenue cycle, performing system documentation and walkthrough, testing of controls, performing cut-off tests, and tracing of invoice to records.

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 and Annual Report for the year ended December 31, 2025 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditor's report.

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

In connection with our audits of the consolidated 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 consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

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

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

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

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits 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 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audits. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits 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 to 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 audits 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 audits resulting in this independent auditors' report is **ROSE ANGELI S. BERNALDO**.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until November 19, 2026

SEC Group A Accreditation No. 0300-SEC

Valid until 2024 audit period (extended until 2025 audit period)

BSP Group B Accreditation No. 0300-BSP

Valid until 2026 audit period

BIR Accreditation No. 08-007679-000-2026

Valid from February 2, 2026 until February 1, 2029

IC Group A Accreditation No. 0300-IC

Valid until 2026 audit period

CDA CEA No. 013 - AF

Valid from August 28, 2025 to August 27, 2030



ROSE ANGELI S. BERNALDO

Managing Partner

CPA Certificate No. 114127

BOA/PRC No. 0300/P-006

Valid until November 19, 2026

SEC Group A Accreditation No. 114127-SEC

Valid until 2027 audit period

BSP Group B Accreditation No. 114127-BSP

Valid until 2025 audit period

BIR Accreditation No. 08-007679-001-2023

Valid from October 20, 2023 until October 19, 2026

Tax Identification No. 211-870-290

IC Group A Accreditation No. IC-EA-2025-0033-N

Valid until 2027 audit period

CDA CEA No. 1940

Valid from November 20, 2024 to November 19, 2029

PTR No. 10780860

Issued on January 20, 2026 at Makati City

May 5, 2026

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

(In US Dollars)

	NOTES	2025	2024
A S S E T S			
Current Assets			
Cash and cash equivalents	7	10,542,000	12,794,634
Trade and other receivables – net	8	36,041,122	36,574,703
Due from a related party	19	183,691	186,148
Inventories – net	9	66,486,241	66,866,296
Prepayment and other current assets	10	4,391,914	4,594,889
		117,644,968	121,016,670
Non-current Assets			
Other financial asset at amortized cost – net of current portion	11	410,196	415,427
Property and equipment – net	12	40,876,389	42,764,263
Intangible assets – net	13	93,833,522	94,284,314
Right-of-use assets – net	14	87,519	97,745
Deferred tax assets	26	129,257	129,257
Other non-current assets	15	5,357,935	5,538,033
		140,694,818	143,229,039
TOTAL ASSETS		258,339,786	264,245,709
LIABILITIES AND STOCKHOLDERS' EQUITY			
LI A B I L I T I E S			
Current Liabilities			
Trade and other payables	16	13,274,288	16,891,348
Short-term loan	17	8,218,587	9,275,146
Long-term loans – current portion	17	16,068,209	19,944,463
Due to related parties	19	2,649,045	648,403
Lease liabilities – current portion	18	23,521	20,869
Income tax payable		47,146	129,625
		40,280,796	46,909,854
Non-current Liabilities			
Long-term loans – net of current portion	17	1,333,333	3,120,419
Lease liabilities – net of current portion	18	57,083	75,435
Retirement benefit obligation	24	2,553,898	2,623,077
Deferred tax liabilities	26	2,920,365	2,920,365
		6,864,679	8,739,296
TOTAL LIABILITIES		47,145,475	55,649,150
S T O C K H O L D E R S ' E Q U I T Y			
Common Stock	31	14,562,067	14,562,067
Preferred Stock	31	3,925,528	3,925,528
Additional Paid-in Capital	31	186,184,391	186,184,391
Equity Reserve	31	4,030,214	4,030,214
Remeasurement	24	825,727	288,687
Retained Earnings (Deficit)		1,666,384	(380,903)
Parent Company shares held by a subsidiary	31	-	(13,425)
TOTAL STOCKHOLDERS' EQUITY		211,194,311	208,596,559
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		258,339,786	264,245,709

(See Notes to Consolidated Financial Statements)

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2025, 2024 and 2023

(In US Dollars)

	NOTES	2025	2024	2023
REVENUE FROM CONTRACTS WITH				
CUSTOMERS	20	53,269,867	58,728,930	72,843,922
COST OF SALES	21	40,405,239	40,125,650	51,757,766
		12,864,628	18,603,280	21,086,156
OPERATING EXPENSES	22	(7,843,860)	(9,478,467)	(9,035,828)
FINANCE COSTS	17,18	(2,585,934)	(2,785,014)	(3,783,446)
FINANCE INCOME	7, 11	15,454	77,065	99,923
OTHER INCOME (EXPENSE) – net	25	(204,818)	(744,308)	834,367
PROFIT BEFORE TAX		2,245,470	5,672,556	9,201,172
INCOME TAX EXPENSE	26	198,183	553,683	603,412
PROFIT		2,047,287	5,118,873	8,597,760
OTHER COMPREHENSIVE INCOME (LOSS)				
ITEM THAT WILL NOT BE RECLASSIFIED				
SUBSEQUENTLY TO PROFIT OR LOSS:				
Remeasurement – net	24	537,040	22,344	(909,164)
TOTAL COMPREHENSIVE INCOME		2,584,327	5,141,217	7,688,596
Basic Earnings (Loss) per Share	27	0.0031	(0.0088)	(0.0036)

(See Notes to Consolidated Financial Statements)

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2025, 2024 and 2023

(In US Dollars)

	Notes	Common Stock	Preferred Stock	Stock Warrants	Additional Paid-in Capital	Equity Reserve	Other Comprehensive Income Remeasurement	Retained Earnings (Deficit)	shares held by a subsidiary	Total
Balance, January 1, 2023	24,31	14,562,067	3,925,528	6,458,070	179,726,321	4,030,214	1,175,507	7,916,778	(13,097)	217,781,388
Profit								8,597,760		8,597,760
Other comprehensive loss	24						(909,164)			(909,164)
Cash dividends declared	31							(10,988,032)		(10,988,032)
Acquisition by a subsidiary of Parent Company's shares									(328)	(328)
Balance, December 31, 2023	24,31	14,562,067	3,925,528	6,458,070	179,726,321	4,030,214	266,343	5,526,506	(13,425)	214,481,624
Profit								5,118,873		5,118,873
Reclassification	31			(6,458,070)	6,458,070					-
Other comprehensive income	24						22,344			22,344
Cash dividends declared	31							(11,026,282)		(11,026,282)
Balance, December 31, 2024	24,31	14,562,067	3,925,528	-	186,184,391	4,030,214	288,687	(380,903)	(13,425)	208,596,559
Profit								2,047,287		2,047,287
Disposal by a subsidiary of Parent Company's shares									13,425	13,425
Other comprehensive income	24						537,040			537,040
Balance, December 31, 2025		14,562,067	3,925,528	-	186,184,391	4,030,214	825,727	1,666,384	-	211,194,311

(See Notes to Consolidated Financial Statements)

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025, 2024 and 2023 :

(In US Dollars)

	NOTES	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		2,245,470	5,672,556	9,201,172
Adjustments for:				
Depreciation and amortization	21,22	7,345,551	7,274,493	7,971,529
Finance costs from loans	17	2,581,724	2,780,388	3,778,425
Net unrealized foreign exchange losses	25	675,303	1,066,206	212,952
Provision for inventory obsolescence	9,21	362,221	1,023,332	-
Retirement benefit costs	24	333,009	317,129	280,474
Finance costs on lease liabilities	18	4,210	4,626	5,021
Write-off of trade receivables	8,22	-	1,152,822	1,152,822
Loss on disposal of property and equipment	12,25	-	69,120	-
Finance income	7,11	(15,454)	(77,065)	(99,923)
Retirement gain	24,25	(98,830)	(103,616)	(1,026,226)
Operating cash flows before changes in working capital		13,433,204	19,179,991	21,476,246
Decrease (Increase) in operating assets:				
Trade and other receivables		533,581	(4,211,574)	1,947,975
Inventories		17,834	(8,451,328)	8,197,135
Prepayments and Other current assets		15,947	605,330	1,783,637
Other non current assets		180,098	336,708	4,442
Decrease in trade and other payables		(3,970,928)	(3,938,034)	(5,910,788)
Cash generated from operations		10,209,736	3,521,093	27,498,647
Finance income received	7,11	15,454	77,065	99,923
Retirement benefits paid	24	(52,605)	(237,042)	-
Contribution to plan assets	24	-	(98,299)	-
Income taxes paid		(280,662)	(539,740)	(770,444)
Net cash from operating activities		9,891,923	2,723,077	26,828,126
CASH FLOWS FROM INVESTING ACTIVITIES				
Collections of advances to a related party	19	2,457	8,198	-
Proceeds from sale of property and equipment	12	-	22,423	-
Acquisitions of:				
Product development costs	13	(1,879,944)	(1,105,024)	(1,101,774)
Property, plant and equipment	12	(3,116,715)	(173,862)	(1,017,914)
Net cash used in investing activities		(4,994,202)	(1,248,265)	(2,119,688)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availment of short-term loan	17	4,085,583	2,585,583	14,739,352
Advances received from a related party	19	2,000,000	-	-
Acquisition by a subsidiary of Parent Company's shares	31	13,425	-	-
Availment of long-term loan	17	-	2,000,000	4,499,073
Payments of:				
Cash dividends	31	-	(11,026,282)	(11,114,987)
Disposal by a subsidiary of Parent Company's shares		-	-	(328)
Finance cost on lease liabilities	18	(4,210)	(4,626)	(5,021)
Lease liabilities	18	(15,700)	(123,527)	(139,542)
Finance costs on loans	17	(2,644,781)	(2,914,222)	(3,771,802)
Short-term loan	17	(5,087,593)	(6,777,868)	(29,738,873)
Long-term loan	17	(5,753,013)	(8,770,196)	(7,574,322)
Net cash used in financing activities		(7,406,289)	(25,031,138)	(33,106,450)
EFFECTS OF FOREIGN EXCHANGE RATE IN CASH AND CASH EQUIVALENTS	7	255,934	(351,916)	803,483
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,252,634)	(23,908,242)	(7,594,529)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		12,794,634	36,702,876	44,297,405
CASH AND CASH EQUIVALENTS AT END OF YEAR		10,542,000	12,794,634	36,702,876

(See Notes to Consolidated Financial Statements)

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2025 and 2024 and for each of the
Three Years then Ended December 31, 2025

1. CORPORATE INFORMATION AND STATUS OF OPERATION

Cirtek Holdings Philippines Corporation (TECH or the “Parent Company”) was incorporated under the laws of the Republic of the Philippines on February 10, 2011. The principal activities of the Parent Company are to invest in, purchase or acquire personal property of every kind, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities.

The Parent Company was listed in the Philippine Stock Exchange (PSE) on November 18, 2011.

Prior to the listing, the Parent Company had undergone a corporate re-organization on March 1, 2011 which includes an acquisition from Cirtek Holdings, Inc. (CHI) of 155,511,952 common shares of Cirtek Electronics Corporation (CEC), and 50,000 shares of Cirtek Electronics International Corporation (CEIC), representing 100% of the outstanding capital stock of both companies. The above transaction was treated as a business combination of entities under common control and was accounted for similar to pooling-of-interests method.

Camerton, Inc. is the immediate parent of TECH, while Carmetheus Holdings, Inc. is the ultimate parent of TECH and its subsidiaries (the “Group”).

TECH, through its subsidiaries CEC and CEIC, is primarily engaged in two major activities: (1) the manufacture and sales of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services, and (2) the manufacture of value-added, highly integrated technology products. CEC provides turnkey solutions that include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers’ end users. CEIC sells integrated circuits principally in the United States of America, and assigns the production of the same to CEC. In 2014, CEIC acquired Remec Broadband Wireless Inc. (RBWI or REMEC), renamed as Cirtek Advanced Technologies and Solutions, Inc. (CATS), a manufacturer of valued-added, highly integrated technology products. CATS offers complete “box build” turnkey manufacturing solutions to radio frequency, microwave and millimeterwave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

Incorporation of Cirtek Corporation and Cirtek Cayman Ltd. (CCL, Merger Subsidiary)

Cirtek Corporation was incorporated on July 7, 2017 under the laws of Delaware, USA, to engage in lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware. Cirtek Corporation is a wholly-owned subsidiary of CEIC.

In the same period, CCL was incorporated in the Cayman Islands. CCL is a wholly-owned subsidiary of Cirtek Corporation and was merged with Quintel Cayman Ltd. (Quintel) in accordance with the Agreement and Plan of Merger (“Agreement”) between the Parent Company and the previous stockholders of Quintel.

Acquisition of Quintel

On July 28, 2017, the Parent Company's Board of Directors (BOD), approved the acquisition of Quintel and its subsidiaries for \$83.2 million. Quintel is a leading innovator of spectrum and space-efficient base station antennas for wireless networks.

In accordance with the Agreement, CCL was merged with and into Quintel, with the latter surviving corporation. All outstanding shares, warrants, and stock options of the previous stockholders of Quintel were converted to a right to receive the consideration from TECH and Cirtex Corporation. As a result of the merger, each of CCL's one hundred (100) issued and outstanding shares shall be converted into and exchanged for one (1) validly issued, fully paid and non-assessable share of the surviving company. On the other hand, each of Quintel's issued and outstanding shares before the merger shall be cancelled and extinguished, and be converted automatically into the right to receive a portion of the purchase price.

The Group believes that Quintel's cutting edge research and development and product capabilities significantly add to and complement the Group's growing portfolio in wireless communication, and is aligned with its business focus on high-growth market segments. Furthermore, being the strategic manufacturing partner of Quintel products places the Group in a unique situation to achieve significant synergies through value engineering, research and development collaboration as well as cost reduction, resulting in high-quality, reliable and cost-competitive products.

On August 4, 2017, the Assistant Registrar of Companies for the Cayman Islands issued a Certificate of Merger stating that the companies have merged effective on said date.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS) Accounting Standards. The term "PFRS Accounting Standards" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS Accounting Standards prescribe new accounting recognition, measurement and disclosure requirements applicable to the Group. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.01 New and Revised PFRS Accounting Standards Applied with No Material Effect on the Consolidated Financial Statements

The following new and revised PFRS Accounting Standards have been adopted in these consolidated financial statements. The application of these new and revised PFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PAS 21, *Lack of Exchangeability*

The amendments contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments cover the following areas:

- Specify when a currency is exchangeable into another currency and when it is not – a currency is exchangeable if it can be exchanged for another currency through markets or mechanisms that establish enforceable rights and obligations without delay, while it is not exchangeable if an entity can only obtain a small amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable – when a currency isn't exchangeable at a measurement date, an entity estimates the spot exchange rate as the rate that would have applied in an orderly transaction.
- Require the disclosure of additional information when a currency is not exchangeable - when a currency is not exchangeable, an entity discloses information to its consolidated financial statements, allowing users to assess its financial performance, position, and cash flows.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

2.02 New and Revised PFRS Accounting Standards in Issue but Not Yet Effective

The Group will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS Accounting Standards, to have significant impact on the consolidated financial statements.

2.02.01 Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)

- Amendments to PFRS 9 and PFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*

The amendments cover the following areas:

- Derecognition of a financial liability settled through electronic transfer – the amendments allow entities to discharge a financial liability settled in cash using an electronic payment system if specific criteria are met, and apply the derecognition option to all settlements made through the same system.

- Classification of financial assets:
 - Contractual terms that are consistent with a basic lending arrangement – the amendments outline how entities can evaluate whether contractual cash flows of a financial asset align with a basic lending arrangement, illustrating this through examples of financial assets with or without principal and interest payments.
 - Assets with non-recourse features – the term 'non-recourse' is enhanced, defining a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
 - Contractually linked instruments – the amendments clarify that not all transactions with multiple debt instruments meet classification criteria, and that instruments in the underlying pool can include financial instruments not covered by classification requirements.
- There are amendments in the required disclosure for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight.

- Annual Improvements to PFRS Accounting Standards - Volume 11

The International Accounting Standards Board (IASB) has published proposed narrow-scope amendments to PFRS Accounting Standards and accompanying guidance as part of its periodic maintenance of the Accounting Standards.

The proposed amendments included in the Exposure Draft *Annual Improvements to PFRS Accounting Standards—Volume 11* relate to:

- PFRS 1, *First-time Adoption of International Financial Reporting Standards, Hedge Accounting by a First-Time Adopter* – the amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9, *Financial Instruments*.
- PFRS 7, *Financial Instruments: Disclosures*
 - Gain or Loss on Derecognition – the amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13, *Fair Value Measurement* was issued.
 - Disclosure of Deferred Difference Between Fair Value and Transaction Price – the amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.

- Introduction and Credit Risk Disclosures – the amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.
- PFRS 9, *Financial Instruments*
 - Lessee derecognition of lease liabilities – the amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee’s lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of PFRS 9.
 - Transaction price – the amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of ‘transaction price’ in PFRS 15, *Revenue from Contracts with Customers* while term ‘transaction price’ is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- PFRS 10, *Consolidated Financial Statements, Determination of a ‘de facto agent’* – the amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- PAS 7, *Statement of Cash Flows, Cost Method* – the amendment addresses a potential confusion in applying paragraph 37 of PAS 7 that arises from the use of the term ‘cost method’ that is no longer defined in PFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026 with earlier application permitted.

- PFRS 17, *Insurance Contracts*

PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2027. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2030, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

The amendments cover the following areas:

- Insurance acquisition cash flows for renewals outside the contract boundary;
- Reinsurance contracts held—onerous underlying insurance contracts;
- Reinsurance contracts held—underlying insurance contracts with direct participation features; and
- Recognition of the contractual service margin in profit or loss in the general model.

The amendments are effective to annual reporting periods beginning on or after January 1, 2027. However, all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- Amendment to PFRS 17, *Initial Application of PFRS 17 and PFRS 9—Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and Insurance contract liabilities, and therefore improve the usefulness of comparative information for users of consolidated financial statements.

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- PFRS 18, *Presentation and Disclosure in Consolidated Financial Statements*

PFRS 18 supersedes PAS 1, *Presentation and Disclosure in Consolidated Financial Statements*. This new standard is a result of IASB's Primary Consolidated Financial Statements project, which aimed at improving comparability and transparency of communication in consolidated financial statements.

While several sections from PAS 1, have been retained with minimal changes in wording, PFRS 18 introduces new requirements for the presentation and disclosures in consolidated financial statements.

The new requirements include:

- Improved comparability in the statement of profit or loss (income statement);
- Enhanced transparency of management-defined performance measures; and

- More useful grouping of information in the consolidated financial statements.

Retrospective application is required in both annual and interim consolidated financial statements. PFRS 18 is effective beginning on or after January 1, 2027, with early application permitted.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

PFRS 19 allows eligible entities to provide reduced disclosures compared to the requirements in other PFRS Accounting Standards. Entities that elect PFRS 19 are still required to apply the recognition, measurement and presentation requirements of other PFRS Accounting Standards.

An entity may elect to apply the PFRS 19 if at the end of reporting period:

- It is a subsidiary as defined in PFRS 10, *Consolidated Financial Statements*;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with PFRS Accounting Standards.

An eligible entity (including an intermediate parent) can apply PFRS 19 in its consolidated, separate or individual financial statements. PFRS 19 is applicable for both annual and interim reporting.

PFRS 19 is effective beginning on or after January 1, 2027, with early application permitted.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF CONDOLIDATED FINANCIAL STATEMENTS

3.01 Statement of Compliance

The consolidated financial statements have been prepared in conformity with PFRS Accounting Standards and are under the historical cost convention, except for certain financial instruments that are carried at amortized cost, inventories carried at lower of cost or net realizable value.

3.02 Functional and Presentation Currency

Items included in the consolidated financial statements of the Group are measured using United States Dollar (\$), the currency of the primary economic environment in which the Group operates (the “functional currency”).

The Group chose to present its consolidated financial statements using its functional currency.

3.03 Basis of Consolidation

The consolidated financial statements comprise of the financial statements of the Parent Company and its subsidiaries as of December 31, 2025 and 2024:

	Country of Incorporation	Functional Currency	Percentage of Ownership			
			2025		2024	
			Direct	Indirect	Direct	Indirect
CEC	Philippines	USD	100%		100%	
CEIC	BVI	USD	100%		100%	
CATSI	BVI	USD		100%		100%
CATSI – Philippine Branch	Philippines	USD		100%		100%
RBWRP	Philippines	USD		100%		100%
	United States of America					
Cirtek Corporation	America	USD		100%		100%
Quintel	Cayman Islands	USD		100%		100%
	United States of America					
Quintel USA	America	USD		100%		100%

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company (its subsidiaries) up to December 31 of each year. Control is achieved when the Parent Company has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

When the Group has less than a majority of the voting or similar rights of an investee, the Group 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 arrangements;
- The Group’s voting rights and potential voting rights.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one (1) or more of the three (3) elements of control. Subsidiaries are consolidated from the date when control is transferred to the Parent Company and ceases to be consolidated from the date when control is transferred out of the Parent Company.

At acquisition, the assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit and loss in the period of acquisition.

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All inter-group transactions, balances, income and expenses are eliminated during consolidation.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the Group's equity attributable to equity holders of the Parent Company.

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

Upon the loss of control, the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. The Group recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRS Accounting Standards. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

3.04 Current and Non-Current Presentation

The Group classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Group classifies all other assets as non-current.

The Group classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4. MATERIAL ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Group in the preparation of its consolidated financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Business Combination

Business combination is a transaction or event in which an acquirer obtains control of one or more businesses. The Group accounts for each business combination by applying the acquisition method in accordance with PFRS 3. The Group elects to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group as an acquirer shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete.

During the measurement period, the Group as an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about the facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group as an acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group as an acquirer receives information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration that is classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with changes in fair value recognized either in profit or loss or other comprehensive income. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS Accounting Standards. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

The Group recognizes goodwill as of the acquisition date as the excess of (a) and over (b) below:

- a) The aggregate of:
 - i. The consideration transferred, which is generally measured at acquisition-date fair value;
 - ii. The amount of any non-controlling interest in the acquiree; and
 - iii. In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.
- b) The net of the acquisition-date amounts the identifiable assets acquired and the liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within the unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Common control combination is a business combination wherein the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This means that the same party or parties have the ultimate control over the combining entities or businesses both before and after the business combination.

The Group applied pooling of interest method in accounting for common control business combinations. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values at the stand-alone financial statements of the investee companies. The difference in the amount recognized and the fair value of the consideration given is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Furthermore, when a subsidiary is disposed in a common control transaction without loss of control, the difference in the amount recognized and the fair value of consideration received is also accounted for as an equity transaction.

The Group records the difference as equity reserve and is presented as a separate component of equity in the consolidated statements of financial position. Comparatives shall be restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest period presented in the consolidated financial statements, regardless of the actual date of the combination.

4.02 Segment Information

An operating segment is a component of the Group: (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 Group; (b) whose operating results are regularly reviewed by the Group'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.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and inter-segment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments, provided that; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements.

For management purposes, the Group is currently organized into three (3) business segments: CEC, CATSI - Philippine Branch and Quintel. These divisions are the basis on which the Group reports its primary segment information.

4.03 Financial Assets

4.03.01 Initial Recognition and Measurement

The Group recognizes a financial asset in its consolidated statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

The Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Group measures receivables that do not have a significant financing component at their transaction price.

4.03.02 Classification

➤ Financial Asset 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.

The Group's financial assets measured at amortized costs include cash in banks, cash equivalents, trade and other receivables, due from a related party, loans to employees and security deposits presented under 'prepayment and other current assets', other financial assets at amortized cost, rental deposits, loans to employees and miscellaneous deposits presented under 'other non-current assets'.

a) Cash in Banks and Cash Equivalents

Cash in banks are deposits held at call with banks that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three (3) months or less from the date of acquisition and that are subject to insignificant risk of changes in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

b) Receivables

Receivables include trade and other receivables, due from a related party, rental deposits, loans to employees and security deposits. These are measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group has no financial assets measured at fair value either through profit or loss or other comprehensive income.

4.03.03 Effective Interest Method

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.03.04 Impairment

The Group shall measure expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Group adopted the following approaches in accounting for impairment.

➤ **General Approach**

The Group applied the general approach to cash in banks, cash equivalents, other receivables, due from a related party, rental deposits, security deposits, other financial assets at amortized cost, loans to employees and miscellaneous deposit. At each reporting date, the Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Group measures the loss allowance equal to 12-month expected credit losses.

The Group compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition.

The Group determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Group does not apply the 30 days past due rebuttable presumption because the Group determines that there have been no significant increases in credit risk even the amounts are past due for more than 30 days.

If the Group has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Group performs the assessment of significant increases in credit risk on an individual basis.

The Group does not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not since based on the Group's historical experience and aging schedules, past due amounts even over 90 days are still collectible.

The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty; and
- A breach of contract, such as a default or past due event.
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

➤ **Simplified Approach**

The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Group determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.03.05 Derecognition

The Group derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.03.06 Write-off

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.04 Inventories

Inventories includes raw materials, spare parts and other materials which are stated at the lower of cost or net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are determined using first-in, first-out (FIFO) method. For finished goods and work-in-process, costs are determined on a standard cost basis. Standard costs take into account normal levels of materials and supplies, labor, efficiency and capacity utilization. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the 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 the statements of comprehensive income. The amount of reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are used in operation or sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

4.05 Advances to Suppliers

Advances to suppliers represents down payments for production materials that are still to be delivered. These are initially recorded as asset and will be subsequently reclassified to appropriate account once delivery is made.

Advances to suppliers are classified in the consolidated statements of financial position as current assets when the expenses related to advances to suppliers are expected to be incurred within one (1) year or the Group's normal operating cycle whichever is longer. Otherwise, advances to suppliers are classified as non-current asset.

4.06 Property and Equipment

Property and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Major spare parts and stand-by equipment qualify as property and equipment when the Group expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property and equipment, they are accounted for as property and equipment.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Buildings and improvements	5 to 25 years
Machinery and equipment	10 to 15 years
Facility and production tools	5 to 8 years
Furniture, fixtures and equipment	2 to 5 years
Transportation equipment	5 to 7 years

Construction in progress is a property under construction and development which is initially measured at cost. Cost includes construction costs, professional fees, taxes and licenses and other expenses which are directly related with the construction of the project. Subsequently, upon completion, this will form part of property and equipment and will be measured at cost less accumulated depreciation and accumulated impairment losses.

The residual value, useful lives and depreciation method of the Group's property and equipment is reviewed, and adjusted prospectively if appropriate, if there is an indication of a change since the last reporting date.

An item of property and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

4.07 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible asset with finite life is amortized over its economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit (CGU) level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment can be supported. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The Group recognizes an intangible asset acquired in a business combination if it is identifiable and distinguishable from goodwill. The Group considers an intangible asset is identifiable if:

- it is separable, i.e., there is evidence of exchange transactions for the asset or an asset of a similar type, even if those transactions are infrequent and regardless of whether the Group is involved in those transactions; or
- it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations ("contract legal" criterion).

The Group's intangible assets recognized from business combination pertain to customer relationships, trademark and technology costs. Trademark and customer relationships are estimated to have an indefinite useful life, and will be subject to yearly impairment testing. The Group estimates that technology costs will have an economic life of five (5) years.

4.07.01 Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit, which is estimated to be five (5) to ten (10) years. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

4.08 Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that any of its assets other than inventories, deferred tax assets, and financial assets that are within the scope of PFRS 9, *Financial Instruments*, may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When 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 the increased carrying amount does 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 as income.

4.09 Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.10 Financial Liabilities

4.10.01 Initial Recognition and Measurement

The Group recognizes a financial liability in its consolidated statements of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.10.02 Classification

The Group classifies all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

The Group's financial liabilities at amortized cost pertain to trade and other payables (excluding provisions and statutory payables), short-term loans, long-term loans, lease liabilities and due to related parties.

The Group does not have financial liabilities at fair value through profit or loss in both years.

4.10.03 Derecognition

The Group removes a financial liability (or part of a financial liability) from its consolidated statements of financial position when, and only when, it is extinguished (i.e. when the obligation in the contract is discharged or cancelled or expired).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.11 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct costs.

Common shares, preferred shares and stock warrants are classified as equity.

4.12 Employee Benefits

4.12.01 Short-term Employee Benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term employee benefits given by the Group to its employees include salaries, wages and labor costs, and other employee benefits.

4.12.02 Defined Benefit Plans

CEC and CATS are covered by a noncontributory defined benefit retirement plan. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plans is actuarially determined using the Projected Unit Credit Method (PUCM).

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.

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs

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

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

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

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value and when, and only when reimbursement is virtually certain.

4.12.03 Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Group has a defined contribution plan covering substantially all employees of Quintel USA and Quintel Technology, Inc.

4.13 Provisions

Provisions are recognized when the Group has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.13.01 Warranties

Provisions for the expected cost for warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

4.14 Revenue Recognition

The Group recognizes revenue when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

4.14.01 Performance Obligations Satisfied at a Point in Time

Revenue from sale of goods is recognized at a point in time when the goods have been transferred to the customer (i.e. upon delivery). The Group's normal credit term is 30 to 120 days upon delivery. Discounts, returns and other allowances are not significant to the Group. The Group considers indicators of the transfer of control, which include, but are not limited to, the following:

- The Group has a present right to payment for the asset.
- The Group has transferred physical possession of the asset.

- The customer has accepted the asset.

The Group's revenue encompasses sale of semiconductor packages and solid-state devices.

4.15 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Group.

The Group recognizes expenses in the consolidated statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.16 Foreign Currency Transactions

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency, i.e. foreign currencies, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise.

4.17 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Group that is preparing its consolidated financial statements. A person or a close member of that person's family is related to Group if that person has control or joint control over the Group, has significant influence over the Group, or is a member of the key management personnel of the Group.

An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.18 Taxation

Income tax expense represents the sum of current and deferred taxes.

4.18.01 Current Tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.18.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4.18.03 Current and Deferred Taxes for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is also recognized outside profit or loss.

4.18.04 Final Tax on Dividend

When an entity pays dividends to its shareholders, it may be required to pay a portion of the dividends to taxation authorities on behalf of shareholders. In many jurisdictions, this amount is referred to as a withholding tax. Such an amount paid or payable to taxation authorities is charged to equity as a part of the dividends.

4.19 Earnings per Share

The Group computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

4.20 Events after the Reporting Period

The Group identifies subsequent events as events that occurred after the reporting period but before the date when the consolidated financial statements were authorized for issue. Any subsequent events that provide additional information about the Group's position at the reporting period, adjusting events, are reflected in the consolidated financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to consolidated financial statements when material.

4.21 Changes in Accounting Policies

The adoption of the new and revised standards and interpretations disclosed in Notes 2.01, was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

5.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements.

5.01.01 Functional Currency

The following factors are considered by the Parent Company in determining the functional currency of a foreign operation, and whether its functional currency is the same as that of the reporting entity:

- a. whether the activities of the foreign operation are carried out as an extension of the reporting entity, rather than being carried out with a significant degree of autonomy. An example of the former is when the foreign operation only sells goods imported from the reporting entity and remits the proceeds to it. An example of the latter is when the operation accumulates cash and other monetary items, incurs expenses, generates income and arranges borrowings, all substantially in its local currency.
- b. whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities.
- c. whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it.
- d. whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity.

The Group determines its functional currency based on the economic substance of the underlying circumstances relevant to them. The US Dollar (\$) is the currency that most faithfully represent the primary economic environment in which the Group operates and it is the currency that mainly influences the underlying transactions, events and conditions relevant to the Group. Hence, Management believes that US Dollar (\$) is the Group's functional currency since it represents the economic substance relevant to the Group.

5.01.02 Assessment of Contractual Terms of a Financial Asset

The Group determines whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Group considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of its financial assets are solely payments of principal and interest and consistent with the basic lending arrangement. As of December 31, 2025 and 2024, the aggregate amounts of the aforementioned assets amounted to \$48,696,046 and \$51,659,132, respectively, as disclosed in Note 29.01.

5.01.03 Assessment on the Bifurcation of Embedded Derivative

The Group determines whether the embedded derivative component of the Group's Note Facility Agreement (NFA) should be modified in relation to changes in a variable, such as an interest rate, commodity price, credit rating, or foreign exchange rate.

The Group assessed that the embedded derivative in the NFA is closely related to the host contract, thus was not bifurcated from the host contract based on the provisions of PFRS 9. As of December 31, 2025 and 2024, carrying amounts of NFA long-term loans amounted to \$15,000,000 and \$18,510,327, respectively, as disclosed in Note 17.

5.01.04 Assessment of 30 days Rebuttable Presumption

The Company determines when a significant increase in credit risks occurs on its financial assets based on the credit management practice of the Company.

Management believes that the 30 days rebuttable presumption on determining whether credit risk has increased significantly or not is not applicable since based on the Group's historical experience credit risk has not increased significantly even if collections are more than 30 days past due.

5.01.05 Assessment of 90 days Rebuttable Presumption

The Group determines when a default occurs on its financial assets based on the credit management practice of the Group.

Management believes that the 90 days rebuttable presumption on determining whether financial assets are credit impaired or not is not applicable because based on the Group's historical experience and aging schedule, past due amounts even over 90 days are still collectible.

5.01.06 Assessment of Timing of Satisfaction of Performance Obligations

An entity satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time.

Management assessed that the performance obligation is satisfied at point in time from the sale of its semiconductor and solid-state devices. This is when there is a present right to payments of goods, transfer of physical possession of goods and acceptance of the same by its customers.

In 2025, 2024 and 2023, revenue recognized from such sale amounted to \$53,269,867, \$58,728,930 and \$72,843,922, respectively, as disclosed in Note 20.

5.01.07 Assessment of the Allocation of Transaction Price to Performance Obligations

A performance obligation is a vendor's promise to transfer a good or service that is 'distinct' from other goods and services identified in the contract.

Management assessed that allocation of transaction price is not applicable since the only obligation identified is the sale of semiconductor and solid-state devices.

5.01.08 Determining Whether or not a Contract Contains a Lease

Management assessed that its lease agreements as disclosed in Note 23 qualified as a lease since the contract contains an identified asset, the Group has the right to obtain substantially all of the economic benefits, and the Group has the right to direct the use of the identified asset throughout the period of use.

5.01.09 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised and Termination Option will be Exercised

Lease term is the non-cancellable period for which the Group has the right to use an underlying asset including optional periods when the Group is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Group is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

In both years, Management assessed that the lease term should only include the non-cancellable period since the option to extend is not enforceable under the Philippine laws.

5.01.10 Assessment of Classification of Spare Parts, Stand-by Equipment and Servicing Equipment as Property and Equipment or Inventory

The Group determines whether spare parts, stand-by equipment and servicing equipment qualifies as property and equipment or inventory. In making its judgments, the Group considers whether spare parts, stand-by equipment and servicing equipment are held for use in the production or supply of good and services, for rental to others or for administrative purposes and are expected to be used during more than one period or assets which are held for sale in the ordinary course of business, in the process of production of such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Spare parts, stand-by equipment and servicing equipment are classified as property and equipment if they are held for use in the production or supply of good and services, for rental to others or for administrative purposes and are expected to be used during more than one period. Spare parts, stand-by equipment and servicing equipment are classified as inventory if they are held for sale in the ordinary course of business, in the process of production of such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Whether spare parts, stand-by equipment and servicing equipment are property and equipment or inventory depend on the substance of the transaction rather than the form of the contract.

As of December 31, 2025 and 2024, Management assessed that the spare parts and others amounting to \$3,189,909 and \$3,040,297, respectively, qualify as inventories since these are being used in producing the Group's finished goods inventory, as disclosed in Note 9.

5.01.11 Uniform Accounting Policies

Consolidated financial statements are prepared under line-by-line basis for consolidation. Full amount of subsidiaries' accounts, irrespective of the percentage of ownership, are combined with those of the Group on a line-by-line bases by adding together similar or like items of assets, liabilities, revenues and expenses. Application of line-by-line basis for consolidation requires judgment in determining that the Parent and its subsidiaries have uniform accounting policy for like transactions and events in similar circumstances between the Parent and the subsidiaries. While the Group regularly conducts review of the subsidiaries' accounting policy to ensure the uniformity in accounting policy, there would be instances that the policy over these transactions would be different from that of the Parent. In the event that significant differences in the accounting policy for a given transaction exist between the Parent and its subsidiaries, the Parent makes appropriate adjustment in the financial statements of the subsidiary to conform to the Group's policy for the purpose of consolidation.

The consolidated financial statements are prepared under PFRS. Management assessed that the accounting policies of the Parent and its subsidiaries are substantially similar for like transactions and events, thus, no adjustment has been made in the consolidated financial statements.

5.01.12 Assessment of Control

The Group determines whether an entity qualifies as a subsidiary when it has control over an entity. The Group controls an entity when it has the three elements of control as disclosed in Note 4. In making its judgments, the Group considers all facts and circumstances when assessing control over an investee.

A reassessment of control is conducted when there are changes to one or more of the three (3) elements of control. Any changes from at least one of the elements would result to lose or gain of control over an entity.

The Group having one hundred percent (100%) ownership and voting interest, assessed that it has control over all of its subsidiaries since it has power over the subsidiaries, exposure or rights to variable returns from its involvement and ability to use its power to affect the component of its returns.

5.01.13 Aggregation of Operating Segments

In accordance with the provisions of PFRS 8, *Operating Segments*, the Group's reporting segment is based on the management approach with regard to the segment identification, under which information regularly provided to the chief operating decision maker for decision-making purposes is considered as decisive. The segments are also evaluated under the management approach.

The Group reports its segment based on the operating entities. The Management identifies its operating segments as generally based on nature and location of its customers. The Group has three (3) reportable segments: CEC, CATSI- Philippine Branch and Quintel. The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of net trading gains (losses), other income, equity in net earnings, operating expenses and income tax.

5.01.14 Assessment of the Capitalization of Product Development Cost

Product development cost pertain to the capitalized cost of developing certain packages or products for specific customers. Management believes that it is probable that future economic benefits that are attributable to product development cost will flow to the entity and the cost of the asset can be measured reliably, thus, met the requirements of PAS 38, *Intangible Assets*, for capitalization.

As of December 31, 2025 and 2024, carrying amounts of product development cost amounted to \$7,083,065 and \$7,533,857, respectively, as disclosed in Note 13.

5.02 Key Sources of Estimation Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Estimating Expected Credit Losses of Financial Assets

The Group evaluates the expected credit losses related to its financial assets based on an individual assessment and available facts and circumstances, including, but not limited to historical loss experience and current and forecast macro-economic information.

The Group uses credit ratings, performance of banking industry, macro-economic and bank's financial information to assess the expected credit losses on its bank deposits. In view of the foregoing factors, Management believes that the expected credit loss is nil.

The Group uses historical experience and current and forecast macro-economic information to assess the expected credit losses on its trade and other receivables. In view of the foregoing factors, Management believes that the allowance for expected credit loss on trade and other receivables is \$741,012 as of December 31, 2025 and 2024, as disclosed in Notes 8 and 29.

As of December 31, 2025 and 2024, the Group's financial assets measured at amortized cost amounted to \$48,696,046 and \$51,659,132, respectively, as disclosed in Note 29.

5.02.02 Estimating Inventories at Net Realizable Values

Net realizable values of inventories are assessed regularly based on the prevailing selling prices of inventories less estimated costs to sell. The Group recognizes expense and provides allowance for decline in value of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes on price levels or other causes. Inventory items identified to be obsolete and unusable is written off and charged against allowance account. Increase in the net realizable values will increase the carrying amount through reduction of allowance for decline but only to the extent of original acquisition cost.

In 2025, 2024 and 2023, the Group recognized provision for inventory obsolescence amounting to \$362,221, \$1,024,332 and nil, respectively, as disclosed in Notes 9 and 21. As of December 31, 2025 and 2024, carrying amount of the Group's inventories amounted to \$66,486,241 and \$66,866,296, respectively, as disclosed in Note 9.

5.02.03 Reviewing Residual Values, Useful Lives and Depreciation Method of Property and Equipment

The residual values, useful lives and depreciation method of the Group's property and equipment are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Group's assets are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of an asset, the Group considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on 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 property and equipment would increase the recognized operating expenses and decrease non-current assets.

The Group uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which a Group expects to consume an asset's future economic benefits, the Group shall review its present depreciation method and, if current expectations differ, it shall change the depreciation method to reflect the new pattern.

In both years, Management assessed that there are no indications that there has been a significant change in the pattern used by the Group to consume assets' future economic benefits. As of December 31, 2025 and 2024, the carrying amount of depreciable property and equipment amounted to \$40,529,690 and \$42,417,564, respectively, as disclosed in Note 12.

5.02.04 Reviewing Residual Values, Useful Lives and Amortization Method of Product Development Costs and Technology Costs

The residual values, useful lives and amortization method of the Group's intangible assets are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; technological advancement; and changes in market prices since the most recent annual reporting date. Amortization begins when the intangible assets are available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by management. Amortization ceases when the asset is derecognized. The Group uses a straight-line method of amortization since it cannot determine reliably the pattern in which it expects to consume the asset's future economic benefits.

In both years, Management assessed that there were no significant changes on the estimates since the most recent annual reporting period. As of December 31, 2025 and 2024, the carrying value of product development costs and technology costs amounted to \$7,083,065 and \$7,533,857, respectively, as disclosed in Note 13.

5.02.05 Asset Impairment

The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of prepayment and other current assets (except security deposits and loans to employees), property and equipment, ROU assets, intangible assets, and advances to suppliers and others presented under 'other non-current assets', which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements.

In assessing value in use, the estimated future cash flows shall be discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS Accounting Standards.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (CGU) (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statements of comprehensive income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at the reporting date.

The recoverable amounts of the CGUs have been determined based on value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rates applied to cash flow projection is 10% in 2025, 2024 and 2023, and cash flows beyond the five (5) year-period was extrapolated using a steady growth rate of 3%-15% in all years.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable amount.

No impairment losses were recognized for goodwill, customer relationships and trademark for the years ended December 31, 2025 and 2024.

In both years, Management believes that there is no indication of impairment in the value of prepayment and other current assets (except security deposits and loans to employees), property and equipment, ROU assets, intangible assets, and advances to suppliers and others presented under 'other non-current assets'. As of December 31, 2025 and 2024, the aggregate carrying amounts of the foregoing assets amounted to \$143,028,007 and \$145,590,788, respectively, as disclosed in Notes 10, 12, 13, 14 and 15.

5.02.06 Post-employment Benefits

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, mortality of plan members and rates of compensation increase. In accordance with PFRS Accounting Standards, actual results that differ from the assumptions and the effects of changes in actuarial assumptions are recognized directly as remeasurements in other comprehensive income. 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 pension and other retirement obligations.

For the years ended December 31, 2025, 2024 and 2023, retirement benefits expense amounted to \$333,009, \$317,129 and \$280,474, respectively, as disclosed in Note 24. Retirement benefit obligation amounted to \$2,553,898 and \$2,623,077 as of December 31, 2025 and 2024, respectively, as disclosed in Note 24. Remeasurement losses (gains) amounted to \$(537,040), \$22,344 and \$909,164, in 2025, 2024, and 2023, respectively, as disclosed in Note 24.

5.02.07 Deferred Tax Assets

The Group reviews the carrying amount at reporting date and reduces deferred tax asset 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 prior to its expiration. The Group has recognized deferred tax assets which pertains to retirement benefit obligations amounting to \$129,257 as of December 31, 2025 and 2024, as disclosed in Note 26.

Further, as of December 31, 2025 and 2024, the Group has also recognized deferred tax assets on NOLCO and accrued expenses recognized in business combination amounting to \$4,284,056.

Moreover, as of December 31, 2025 and 2024, the Group's NOLCO and MCIT for which no deferred taxes have been recognized, as disclosed in Note 26, are as follows:

	2025	2024
NOLCO	\$ 48,566,946	\$ 56,971,554
MCIT	5,181	4,864

Management believes that it may not be probable that sufficient future taxable profit will be available against which the deferred tax assets can be utilized.

5.02.08 Estimating the Appropriate Discount Rate to Use

The Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Group uses the incremental borrowing rate.

Management used its incremental borrowing rate of 5.0% to 5.5% to measure the present value of its lease liabilities since the implicit rate was not readily available.

6. SEGMENT INFORMATION

Financial information on the Group's business segments as of and for the years ended December 31, 2025, 2024 and 2023 are presented below. The amounts disclosed were determined consistent with the measurement basis under PFRS Accounting Standards.

Revenue from contracts with customers for the year ended December 31, 2025 are as follows:

	CEC	CATSI -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Discrete	\$ 8,981,292	\$ -	\$ -	\$ -	\$ 8,981,292
Integrated circuits	7,199,575	-	-	-	7,199,575
Dual and quad flat no-leads	6,911,046	-	-	-	6,911,046
Analog	-	6,198,875	-	-	6,198,875
6 port antennas	-	-	5,661,990	-	5,661,990
Hermetics	4,766,282	-	-	-	4,766,282
Multichips	4,360,254	-	-	-	4,360,254
New product	-	-	3,511,323	-	3,511,323
Microwave Network Inc.	-	2,895,802	-	-	2,895,802
Remec manufacturing services	-	704,042	-	-	704,042
Cougar	-	465,447	-	-	465,447
16 port antennas	-	-	264,015	-	264,015
Brackets	-	-	258,699	-	258,699
12 port antennas	-	-	192,754	-	192,754
NRE additional charging costs	-	140,386	-	-	140,386
Indoor radio frequency unit	-	87,155	-	-	87,155
Bridgewave	-	24,307	-	-	24,307
10 port antennas	-	-	6,617	-	6,617
Outdoor unit	-	610	-	-	610
Others	-	93,258	546,138	-	639,396
Total	\$ 32,218,449	\$ 10,609,882	\$ 10,441,536	\$ -	\$ 53,269,867

	CEC	CATSI -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Segment depreciation and amortization	\$ 6,192,275	\$ 1,115,521	\$ 37,755	\$ -	\$ 7,345,551
Segment interest income	2,470	12,984	-	-	15,454
Segment interest expense	2,486,309	-	99,625	-	2,585,934
Segment profit (loss) before income tax	2,741,961	1,114,062	(1,610,553)	-	2,245,470
Segment provision for income tax	81,830	69,747	46,606	-	198,183
Segment profit (loss) after income tax	\$ 2,660,131	\$ 1,044,315	\$ (1,657,159)	\$ -	\$ 2,047,287

Other financial information of the operating segments as of December 31, 2025 is as follows:

	CEC	CATSI -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Assets					
Current assets	\$ 345,567,405	\$ 54,857,410	\$ 7,305,059	\$ (290,084,906)	\$ 117,644,968
Non-current assets	127,804,161	20,418,400	3,684,322	(11,212,065)	140,694,818
	\$ 473,371,566	\$ 75,275,810	\$ 10,989,381	\$ (301,296,971)	\$ 258,339,786
Liabilities					
Current liabilities	\$ 165,113,246	\$ 60,263,060	\$ 21,817,236	\$ (206,912,746)	\$ 40,280,796
Non-current liabilities	3,627,449	-	-	3,237,230	6,864,679
	\$ 168,740,695	\$ 60,263,060	\$ 21,817,236	\$ (203,675,516)	\$ 47,145,475

Revenue from contracts with customers for the year ended December 31, 2024 are as follows:

	CEC	CATSI -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Discrete	\$ 6,154,007	\$ -	\$ -	\$ -	\$ 6,154,007
Integrated circuits	6,228,588	-	-	-	6,228,588
Dual and quad flat no-leads	5,928,586	-	-	-	5,928,586
Analog	-	5,157,802	-	-	5,157,802
6 port antennas	-	210,627	11,107,398	-	11,318,025
Hermetics	5,164,021	-	-	-	5,164,021
Multichips	4,054,304	-	-	-	4,054,304
New product	-	-	7,220,214	-	7,220,214
Microwave Network Inc.	-	2,388,779	-	-	2,388,779
Remec manufacturing services	-	832,396	-	-	832,396
Cougar	-	358,790	-	-	358,790
8 port antennas	-	-	772,705	-	772,705
Brackets	-	-	897,079	-	897,079
12 port antennas	-	69	240,163	-	240,232
NRE additional charging costs	-	382,526	-	-	382,526
Indoor radio frequency unit	-	198,957	-	-	198,957
Bridgewave	-	4,119	-	-	4,119
10 port antennas	-	-	46,240	-	46,240
Outdoor unit	-	22,758	-	-	22,758
16 port antennas	-	183,795	27,063	-	210,858
Others	-	198,684	949,260	-	1,147,944
Total	\$ 27,529,506	\$ 9,939,302	\$ 21,260,122	\$ -	\$ 58,728,930

	CEC	CATSI -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Segment depreciation and amortization	\$ 5,938,937	\$ 1,289,332	\$ 46,224	\$ -	\$ 7,274,493
Segment interest income	63,705	13,041	319	-	77,065
Segment interest expense	2,647,599	-	137,415	-	2,785,014
Segment profit before income tax	18,194,721	3,208,931	268,904	(16,000,000)	5,672,556
Segment provision for income tax	406,071	125,905	21,707	-	553,683
Segment profit after income tax	\$ 17,788,650	\$ 3,083,026	\$ 247,197	\$ (16,000,000)	\$ 5,118,873

Other financial information of the operating segments as of December 31, 2024 is as follows:

	CEC	CATSI -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Assets					
Current assets	\$ 346,623,490	\$ 53,088,780	\$ 12,997,034	\$ (291,692,634)	\$ 121,016,670
Non-current assets	129,239,910	21,201,081	4,128,657	(11,340,609)	143,229,039
	\$ 475,863,400	\$ 74,289,861	\$ 17,125,691	\$ (303,033,243)	\$ 264,245,709
Liabilities					
Current liabilities	\$ 169,013,160	\$ 60,107,475	\$ 26,296,389	\$ (208,520,476)	\$ 46,896,548
Non-current liabilities	5,630,491	-	-	3,122,111	8,752,602
	\$ 174,643,651	\$ 60,107,475	\$ 26,296,389	\$ (205,398,365)	\$ 55,649,150

Revenue from contracts with customers for the year ended December 31, 2023 are as follows:

	CEC	CATSI -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Discrete	\$ 7,654,784	\$ -	\$ -	\$ -	\$ 7,654,784
Integrated circuits	11,772,411	-	-	-	11,772,411
Dual and quad flat no-leads	6,566,077	-	-	-	6,566,077
Analog	-	4,832,708	-	-	4,832,708
6 port antennas	-	1,214,075	6,398,829	-	7,612,904
Hermetics	4,017,340	-	-	-	4,017,340
Multichips	6,005,384	-	-	-	6,005,384
New product	-	-	7,979,465	-	7,979,465
Microwave Network Inc.	-	1,883,274	-	-	1,883,274
Remec manufacturing services	-	1,576,991	-	-	1,576,991
Cougar	-	480,901	-	-	480,901
8 port antennas	-	1,006,590	1,016,495	-	2,023,085
Brackets	-	-	1,128,122	-	1,128,122
12 port antennas	-	2,425,769	21,067	-	2,446,836
NRE additional charging costs	-	261,206	-	-	261,206
Indoor radio frequency unit	-	87,544	-	-	87,544
Bridgewave	-	1,972	-	-	1,972
10 port antennas	-	543,624	54,979	-	598,603
Outdoor unit	-	46,654	-	-	46,654
16 port antennas	-	1,977,935	-	-	1,977,935
14 port antennas	-	274,405	-	-	274,405
Others	-	2,950,015	665,306	-	3,615,321
Total	\$ 36,015,996	\$ 19,563,663	\$ 17,264,263	\$ -	\$ 72,843,922

	CEC	CATSI -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Segment depreciation and amortization	\$ 6,505,081	\$ 1,411,638	\$ 54,810	\$ -	\$ 7,971,529
Segment interest income	86,274	13,343	306	-	99,923
Segment interest expense	3,551,585	-	231,861	-	3,783,446
Segment profit before income tax	34,241,509	5,874,071	85,592	(31,000,000)	9,201,172
Segment provision for income tax	268,823	284,621	49,968	-	603,412
Segment profit after income tax	\$ 33,972,686	\$ 5,589,450	\$ 35,624	\$ (31,000,000)	\$ 8,597,760

Other financial information of the operating segments as of December 31, 2023 is as follows:

	CEC	CATSI -Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Assets					
Current assets	\$ 357,787,305	\$ 54,561,437	\$ 6,223,873	\$ (283,679,977)	\$ 134,892,638
Non-current assets	133,578,171	22,907,691	4,806,826	(11,426,826)	149,865,862
	\$ 491,365,476	\$ 77,469,128	\$ 11,030,699	\$ (295,106,803)	\$ 284,758,500
Liabilities					
Current liabilities	\$ 160,720,192	\$ 63,080,882	\$ 20,448,594	\$ (200,293,759)	\$ 43,955,909
Non-current liabilities	23,390,498	-	-	2,930,469	26,320,967
	\$ 184,110,690	\$ 63,080,882	\$ 20,448,594	\$ (197,363,290)	\$ 70,276,876

Inter-segment revenues, cost of sales, and operating expenses are eliminated on consolidation.

The Group's external customers are located in various countries, with the bulk of revenues contributed by customers located in Europe and the USA. Following shows the distribution of external customers by revenue contribution (amounts in thousands):

	2025		2024		2023	
USA	\$	22,944	\$	35,971	\$	32,248
Europe		13,082		10,567		13,542
Asia		17,244		12,191		27,054
	\$	53,270	\$	58,729	\$	72,844

7. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, cash in banks and cash equivalents.

Cash and cash equivalents at the end of the reporting periods as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position as follows:

	2025		2024	
Cash on hand	\$	235	\$	236
Cash in banks		10,512,349		12,765,717
Cash equivalents		29,416		28,681
	\$	10,542,000	\$	12,794,634

Cash in banks earn interest at prevailing deposit rates. Cash equivalents earn 3.50% in both years.

Aggregate finance income earned and received amounted to \$2,982, \$64,275 and \$87,079 in 2025, 2024 and 2023, respectively.

In 2025, 2024 and 2023 unrealized foreign exchange gains (loss) recognized amounted to \$255,934, \$(351,916) and \$803,483, respectively.

8. TRADE AND OTHER RECEIVABLES – net

The Group's trade and other receivables are as follows:

	2025		2024	
Trade	\$	28,304,632	\$	30,861,181
Allowance for expected credit losses (Note 29)		(741,012)		(741,012)
		27,563,620		30,120,169
Others		8,477,502		6,454,534
	\$	36,041,122	\$	36,574,703

Trade receivables are non-interest bearing and are generally on 30 to 120 days terms.

In 2025 and 2024, Quintel USA entered into an agreement whereby it could sell receivables due from a certain customer to a financial institution. In 2025 and 2024, the Group sold its receivables amounting to nil and \$13.5 million, respectively. Sale of receivables under this arrangement convey all rights to the financial institution without recourse at a discount of LIBOR plus 1.05%. Quintel USA incurred discounting fees and charges amounting to nil and \$70,336, pertaining to this arrangement in 2025, and 2024, respectively.

Aging of receivables that are past due but not impaired are as follows:

	2025	2024
0 to 30 days	\$ 1,931,813	\$ 1,262,033
31 to 60 days	1,401,289	1,490,128
61 to 90 days	1,214,982	1,014,797
More than 91 days	5,828,341	5,594,617
	\$ 10,376,425	\$ 9,361,575

One of the customers of the Group filed for bankruptcy in 2023, hence, trade receivable amounting to nil, \$1,152,822 and \$1,152,822 were written off in 2025, 2024 and 2023, as disclosed in Note 22.

Others include non-trade receivable from suppliers which are expected to be collected within one (1) year.

9. INVENTORIES – net

Details of the Group's inventories are as follows:

	2025	2024
Raw materials	\$ 51,743,585	\$ 49,516,594
Finished goods	9,073,780	11,722,242
Supplies and others	4,047,288	3,936,557
Spare parts and others	3,189,909	3,040,297
Work-in-process	613,232	469,938
	68,667,794	68,685,628
Allowance for inventory obsolescence	(2,181,553)	(1,819,332)
	\$ 66,486,241	\$ 66,866,296

The cost of inventories charged to expenses amounted to \$19,269,955, \$20,479,556, and \$31,586,219, in 2025, 2024 and 2023, respectively, as disclosed in Note 21.

Movements of allowance for inventory obsolescence are as follows:

	2025	2024
Balance, January 1	\$ 1,819,332	\$ 795,000
Provision for inventory obsolescence (Note 21)	362,221	1,024,332
	\$ 2,181,553	\$ 1,819,332

Inventories are expected to be recovered within one (1) year from the reporting dates.

10. PREPAYMENT AND OTHER CURRENT ASSETS

The details of the Group's prepayment and other current assets are shown below:

	2025	2024
Prepaid expenses	\$ 97,342	\$ 98,335
Advances to suppliers	3,983,969	4,079,963
Loans to employees	244,517	336,660
Security deposits	45,818	45,818
Others	20,268	34,113
	\$ 4,391,914	\$ 4,594,889

Advances to suppliers pertain mainly to down payments for production materials and services that are still to be delivered.

11. OTHER FINANCIAL ASSETS AT AMORTIZED COST

Other financial assets at amortized cost pertains to government bonds amounting to \$410,196 and \$415,427 as of December 31, 2025 and 2024, respectively.

On April 22, 2021, the Group acquired government bonds amounting to \$478,876 which will mature on February 24, 2028. The government bonds were purchased in compliance with the requirement for foreign corporations doing business in the Philippines to deposit with SEC securities worth at least \$8,909 or ₱500,000 and additional securities with market values equivalent to a certain percentage of the amount of Branch's gross income exceeds \$178,190 or ₱10,000,000. Effective interest rates per annum amounts to 3.57% in both years.

Finance income earned and received from the government bonds amounted to \$12,472, \$12,790 and \$12,844 in 2025, 2024 and 2023, respectively.

12. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Group's property and equipment are as follows:

	Machinery and Equipment	Building and Improvements	Facility and Production Tools	Furniture, Fixtures, and Equipment	Transportation Equipment	Construction in Progress	Total
January 1, 2024							
Cost	\$ 92,655,749	\$ 9,387,572	\$ 16,726,946	\$ 1,912,433	\$ 184,360	\$ 346,699	\$ 121,213,759
Accumulated depreciation	(50,447,364)	(8,545,973)	(11,927,454)	(1,846,111)	(162,452)	-	(72,929,354)
Carrying amount	42,208,385	841,599	4,799,492	66,322	21,908	346,699	48,284,405
Movements during 2024							
Balance, January 1, 2024	42,208,385	841,599	4,799,492	66,322	21,908	346,699	48,284,405
Additions	-	-	158,374	15,488	-	-	173,862
Depreciation (Notes 21 and 22)	(3,726,829)	(409,647)	(1,242,782)	(53,753)	(10,301)	-	(5,443,312)
Disposal							
Cost	(778,020)	-	-	-	(84,696)	-	(862,716)
Accumulated depreciation	527,328	-	-	-	84,696	-	612,024
Balance, December 31, 2024	38,230,864	431,952	3,715,084	28,057	11,607	346,699	42,764,263
December 31, 2024							
Cost	91,877,729	9,387,572	16,885,320	1,927,921	99,664	346,699	120,524,905
Accumulated depreciation	(53,646,865)	(8,955,620)	(13,170,236)	(1,899,864)	(88,057)	-	(77,760,642)
Carrying amount	38,230,864	431,952	3,715,084	28,057	11,607	346,699	42,764,263
Movements during 2025							
Balance, January 1, 2025	38,230,864	431,952	3,715,084	28,057	11,607	346,699	42,764,263
Additions	500,000	2,412,000	184,226	20,489	-	-	3,116,715
Depreciation (Notes 21 and 22)	(3,527,343)	(389,577)	(1,037,597)	(43,348)	(6,724)	-	(5,004,589)
Disposal							
Cost	(2,134)	-	-	-	-	-	(2,134)
Accumulated depreciation	2,134	-	-	-	-	-	2,134
Balance, December 31, 2025	35,203,521	2,454,375	2,861,713	5,198	4,883	346,699	40,876,389
December 31, 2025							
Cost	92,375,595	11,799,572	17,069,546	1,948,410	99,664	346,699	123,639,486
Accumulated depreciation	(57,172,074)	(9,345,197)	(14,207,833)	(1,943,212)	(94,781)	-	(82,763,097)
Carrying amount	\$ 35,203,521	\$ 2,454,375	\$ 2,861,713	\$ 5,198	\$ 4,883	\$ 346,699	\$ 40,876,389

Additions in 2025, 2024 and 2023 amounting to \$3,116,715, \$173,862, and \$1,017,914, respectively, were all paid in cash.

In 2024, disposals include credit sale of equipment with carrying amount of \$250,692 for consideration of \$159,149 which resulted to a loss of \$91,543, as disclosed in Note 25.

In 2024, fully depreciated transportation equipment with original cost of \$84,696 was sold with proceeds amounting to \$22,423. The same amount was recognized as a gain, as disclosed in Note 25.

In 2025, the Group disposed of fully depreciated equipment with original cost of \$2,134. No gain or loss was recognized from the disposal.

In 2025, 2024 and 2023, depreciation amounted to \$5,004,589, \$5,443,312 and \$5,808,705, respectively, as disclosed in Notes 21 and 22.

Construction in progress pertains to the construction of Building 3 – Phase 2 which will cater additional capacity for the Group which was put on hold due to pandemic-related circumstances. The Group expect to continue the construction in 2026.

As of December 31, 2025 and 2024, fully depreciated assets with original cost of \$3,451,363, are still in use in the operations.

In both years, the Group determined that there is no indication that impairment occurred on its of property and equipment.

13. INTANGIBLE ASSETS – net

The carrying amounts of the Group’s intangible assets are as follows:

	2025	2024
Goodwill	\$ 55,541,157	\$ 55,541,157
Customer relationships	23,736,500	23,736,500
Trademark	7,472,800	7,472,800
Product development costs	7,083,065	7,533,857
	\$ 93,833,522	\$ 94,284,314

Goodwill

The goodwill acquired through business combination is only attributable to the Quintel business. As a result of the Quintel acquisition, the Group recognized goodwill amounting to \$55,541,157 as of December 31, 2025 and 2024.

Customer Relationships

Customer relationship represent Quintel’s established relationships with two of the largest telecon companies in the United States. Such relationships are deemed valuable given the length of their relationships (from as far back as 2008) and the difficulty in establishing connections. Management strongly believes that the relationships with their current customers will drive Quintel’s business in the long run.

The fair value of customer relationships is determined based on the discounted excess earnings, which is the difference between the post-tax cash flows attributable to the sales made to Quintel's current customers and the contributory asset charges used to generate the cash flows (i.e., multi-period excess earnings method). Customer relationships are estimated to have an indefinite useful life, and will be subject to yearly impairment testing.

Technology Costs

Technology costs with original cost of \$5,874,600 were fully amortized as of December 31, 2025 and 2024. The fair values of the Quintel's technology costs and trademark were determined based on discounted notional royalty savings after tax plus discounted tax amortization benefit resulting from the amortization of the required assets (i.e., relief from royalty method).

Trademark

Trademark is estimated to have an indefinite useful life.

The Group has determined that there is no indication that an impairment loss has occurred on its technology and trademark.

Product Development Cost

Movements of product development cost are as follows:

	2025	2024
Carrying amount		
Cost	\$ 14,500,114	\$ 14,638,758
Accumulated amortization	(6,966,257)	(6,489,852)
	7,533,857	8,148,906
Movements during the year		
Balance, January 1	7,533,857	8,148,906
Additions	1,879,944	1,105,024
Amortization (Notes 21)	(2,330,736)	(1,720,073)
Disposal		
Cost	-	(1,243,668)
Accumulated amortization	-	1,243,668
Balance, December 31	7,083,065	7,533,857
Carrying amount		
Cost	16,380,058	14,500,114
Accumulated depreciation	(9,296,993)	(6,966,257)
	\$ 7,083,065	\$ 7,533,857

Product development cost pertain to the capitalized cost of developing certain packages or products for the specific customers. The development cost met the requirements of PAS 38 for capitalization.

Additions in all years were paid in cash. Remaining useful lives of product development cost ranges from five (5) to ten (10) years as of December 31, 2025 and 2024.

The Group has determined that there is no indication that an impairment loss has occurred on its product development cost.

Software

As of December 31, 2025 and 2024, CEC has software with a total cost of \$39,278 which are fully amortized but are still used for in operations.

Impairment Testing of Goodwill, Customer Relationship and Trademark

Goodwill acquired through business combinations has been allocated to only one (1) CGU, which is the Group's Quintel business. The recoverable amount of CGU has been determined based on value-in-use calculations using cash flows projections from financial budgets covering a five-year period.

Key assumptions with respect to the calculation of value-in-use of the CGU as of December 31, 2025 and 2024 used by management in its cash flow projections to undertake impairment testing of goodwill are as follows:

	2025	2024
Discount rate	10%	10%
Terminal growth rate	1.5%	1.5%
Revenue growth rates	3%-15%	3%-15%

- Discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group's Quintel business, derived from weighted average cost of capital (WACC). The WACC takes into account both the cost of debt and equity. The cost of equity is calculated using the Capital Asset Pricing Model (CAPM).
- Terminal growth rate is the sustainable growth rate computed based on Quintel's comparable.
- Revenue growth rates are based on the most recent value achieved in the year preceding the start of the budget period, and adjusted for planned efficiency improvement, if any.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable amount.

No impairment losses were recognized for goodwill, customer relationships and trademark for the years ended December 31, 2025 and 2024.

14. RIGHT-OF-USE ASSETS – net

The details of the Group's ROU assets are as follows:

	2025	2024
January 1		
Cost	\$ 832,633	\$ 832,633
Accumulated depreciation	(734,888)	(623,780)
Carrying amount	97,745	208,853
Movements during the year		
Balance, January 1	97,745	208,853
Depreciation (Notes 21 and 22)	(10,226)	(111,108)
Carrying amount	87,519	97,745
December 31		
Cost	832,633	832,633
Accumulated depreciation	(745,114)	(734,888)
Carrying amount	\$ 87,519	\$ 97,745

As of December 31, 2025 and 2024, lease liabilities related to ROU assets amounted to \$80,604 and \$96,304, respectively, as disclosed in Note 18.

In both years, the Group determined that there is no indication that impairment occurred on its right-of-use assets.

15. OTHER NON-CURRENT ASSETS

Below is the composition of the Group's other non-current assets:

	2025	2024
Advances to suppliers	\$ 3,976,521	\$ 4,027,197
Rental deposits (Note 23)	1,071,863	1,086,200
Miscellaneous deposits	157,074	219,778
Others	152,477	204,858
	\$ 5,357,935	\$ 5,538,033

Advances to suppliers pertain to down payments for the acquisition of software and building expansion.

In 2025, 2024 and 2023 unrealized foreign exchange gain (loss) amounted to \$192,259, \$177,442 and \$(30,654), respectively.

Miscellaneous deposits pertain to refundable deposits with MERALCO for the installation of CEC's electrical meters and bill deposit equivalent to one (1) month energy consumption.

16. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	2025		2024
Trade	\$ 10,042,142	\$	12,635,078
Accruals	2,637,241		3,640,738
Provisions	351,039		347,463
Statutory payables	243,866		268,069
	\$ 13,274,288	\$	16,891,348

Trade payables are noninterest-bearing and are generally on 60 to 90 days terms.

Accruals comprise mainly of amounts accrued for payroll, utilities, communication, security, shuttle services and professional services. Accruals also include accrued finance cost amounting to \$111,661, \$264,391 and \$398,225 as of December 31, 2025, 2024 and 2023, respectively, as disclosed in Note 17.

Provisions pertain to the Group's estimate of the cost to repair or replace defective products in accordance with agreed specifications and potential liability for legal and other claims.

The movements in the provisions are as follows:

	2025		2024
Balance at January 1	\$ 347,463	\$	626,248
Adjustments (Note 25)	3,576		(278,785)
Balance at December 31	\$ 351,039	\$	347,463

17. LOANS PAYABLE

The Group's borrowings pertain to bank short-term and long-term loans.

	Current		Non-current		Total
December 31, 2025					
Short-term loans (Note 17.01)	\$ 8,218,587	\$	-	\$	8,218,587
Long-term loans (Note 17.02)	16,068,209		1,333,333		17,401,542
	\$ 24,286,796	\$	1,333,333	\$	25,620,129
December 31, 2024					
Short-term loans (Note 17.01)	\$ 9,275,146	\$	-	\$	9,275,146
Long-term loans (Note 17.02)	19,944,463		3,120,419		23,064,882
	\$ 29,219,609	\$	3,120,419	\$	32,340,028

17.01 Short-term Loans

Details of short-term loans are as follows:

	2025	2024
Bank loans		
Rizal Commercial Banking Corporation (RCBC)	\$ -	\$ 1,574,322
Land Bank of the Philippines (LBP)	2,891,648	3,815,241
Shinhan Bank – Manila Branch	800,000	1,300,000
Chang Hwa Bank (CHB)	1,125,000	-
Amalgamated Investment Bancorporation	3,401,939	2,585,583
	\$ 8,218,587	\$ 9,275,146

Movements of the short-term loans are as follows:

	2025	2024	2023
Balance at January 1	\$ 9,275,146	\$ 13,550,797	\$ 28,472,196
Proceeds from avilment of loan	4,085,583	2,585,583	14,739,352
Unrealized foreign exchange gain (loss)	(54,549)	(83,366)	78,122
Loan repayments	(5,087,593)	(6,777,868)	(29,738,873)
Balance at December 31	\$ 8,218,587	\$ 9,275,146	\$ 13,550,797

In 2025, 2024 and 2023, finance costs incurred and paid on short-term loans amounted to \$1,222,154, \$1,305,782 and \$1,528,593, respectively.

In both years, the Group is not required to maintain ratios to comply with the requirements of short-term loans.

The Group is in compliance with the debt covenants as of December 31, 2025 and 2024.

17.01.01 Bank Loans

Terms and conditions of short-term loans are as follows:

- Revolving loan facilities with RCBC, which have payment terms of 150 to 360 days, unsecured and charged interest of 4.75% to 7.912% in both years.
- Revolving loan facilities with LBP have payment terms of 180 days. The facilities charged interest of 9% per annum in both years.
- Loan agreement with Shinhan Bank – Manila Branch is unsecured, payable in one (1) year and has a fixed rate of 4.8% per annum. In 2021, the term of loan was extended until August 30, 2022 with interest of 3.75% per annum. In 2022, the term of loan was extended until August 30, 2023 with interest rate of 4.50% per annum. In 2023, the loan term was extended until November 30, 2024 with interest rate of 7.82% per annum. In 2024, the loan term was extended until August 30, 2025 with interest rate of 6.87% per annum.
- CHB granted a loan facility with the Group in 2025 amounting to \$1,500,000 with floating interest rate subject to quarterly repricing. Interest is payable on the last day of each interest period. The loan agreement is guaranteed by a related party.

17.01.02 Amalgamated Investment Bancorporation (AIB)

On December 26, 2024, the Group entered into a loan agreement AIB amounting to \$2,585,583 with a loan term of thirty-one (31) days with an interest rate of 10% per annum. In 2025, the Group availed additional short-term loans with AIB amounting to \$2,585,583. The Group paid a sum of \$1,714,678 and nil in 2025 and 2024, respectively. As of December 31, 2025 and 2024, short-term loan with AIB amounted to \$3,401,939 and \$2,585,583, respectively.

17.01.03 Philippine Commercial Capital Inc.

In 2023, the Group entered into various short-term loan agreements with an aggregate amount of \$14,684,975, loan terms ranging from 45 days to 344 days, unsecured with interest rates ranging from 5.51% to 8.45%. Payments to this loan in 2025, 2024 and 2023 amounted to nil, \$1,169,760 and \$13,515,215, respectively.

17.01.04 Commercial Paper

The Securities and Exchange Commission (the "Commission") has approved on February 19, 2020 the Company's Amended Registration of up to Two Billion Pesos (P2,000,000,000) or \$39,401,103 worth of Commercial Paper (CP), which is listed on the Philippine Dealing and Exchange Corp. on February 20, 2020. The Commission has subsequently issued a Certificate of Permit to Offer Securities for Sale authorizing the sale and distribution of the aforesaid securities. The CPs may be issued in lump-sum or in tranches and shall have an interest rate fixed prior to the issuance. The succeeding tranches, if any, shall be issued within three (3) years from the date of effectivity of the subject Amended Registration Statement.

The initial issuance of Series A, B and C will carry discount rates of 5.332%, 5.582%, and 5.832%, respectively, calculated on a true-discount basis. The initial issuance will have the following tenors: 91 days, 182 days, and 364 days for Series A, B and C, respectively. Multinational Investment Bancorporation as a Sole Arranger and Lead Underwriter.

On May 29, 2020, listing of re-issued CP maturing on February 18, 2021 amounted to P275,000,000 or \$5,421,176.

On July 15, 2020, listing of re-issued CP maturing on February 18, 2021 amounted to P494,000,000 or \$9,892,861.

On September 1, 2020, listing of reissued CP maturing on February 18, 2021 amounted to P545,200,000 or \$11,245,179.

The issuance of Series D and E will carry discount rates of 4.000% and 4.250%, respectively, calculated on a true-discount basis having the following tenors of 182 days and 364 days, respectively. Philippine Commercial Capital as a Sole Arranger and Lead Underwriter.

On April 28, 2021, listing of re-issued CP maturing on April 28, 2023 amounted to P1,000,000,000 or \$20,643,414.

The issuance of Series F and G will carry discount rates of 6.887% and 7.770%, respectively, calculated on a true-discount basis having the following tenors of 182 days and 364 days, respectively. Philippine Commercial Capital as a Sole Arranger and Lead Underwriter.

On December 6, 2022, listing of re-issued CP maturing June 6, 2023 amounted to P293,800,000 or \$5,235,210.

Also, on December 6, 2022, listing of re-issued CP maturing December 5, 2023 amounted to P304,600,000 or \$5,427,655.

17.02 Long-term Loans

Summary of long-term loans are as follows:

	Current	Non-current	Total
December 31, 2025			
2018 NFA (Note 17.02.01)	\$ 15,000,000	\$ -	\$ 15,000,000
KEB Hanah Bank Manila (Note 17.02.02)	1,068,209	-	1,068,209
First Commercial Bank., Ltd. (Note 17.02.03)	-	1,333,333	1,333,333
	\$ 16,068,209	\$ 1,333,333	\$ 17,401,542
December 31, 2024			
2018 NFA (Note 17.02.01)	\$ 18,510,327	\$ -	\$ 18,510,327
KEB Hanah Bank Manila (Note 17.02.02)	1,434,136	1,120,419	2,554,555
First Commercial Bank., Ltd. (Note 17.02.03)	-	2,000,000	2,000,000
	\$ 19,944,463	\$ 3,120,419	\$ 23,064,882

In 2025, 2024 and 2023, finance costs incurred on long-term loans amounted to \$1,359,570, \$1,474,606 and \$3,264,925, respectively.

As of December 31, 2025 and 2024, accrued finance cost amounted to \$111,661 and \$264,391, respectively, as disclosed in Note 16. In 2025, 2024 and 2023, finance cost paid amounted to \$1,422,627, \$1,608,440 and \$2,243,209, respectively.

In 2025, 2024 and 2023, availments of long-term loans amounted to nil, \$2,000,000 and \$4,499,073, respectively, while payment of long-term loans amounted to \$5,753,013, \$8,770,196 and \$7,574,322, respectively.

17.02.01 2018 NFA

Movements of 2018 NFA are as follows:

	2025	2024	2023
Balance at January 1	\$ 18,510,327	\$ 25,657,461	\$ 32,822,749
Loan repayments	(3,600,000)	(7,200,000)	(7,200,000)
Change in deferred finance cost	89,673	52,866	34,712
Balance at December 31	\$ 15,000,000	\$ 18,510,327	\$ 25,657,461

On April 12, 2018, the Group entered into a \$40,000,000 NFA with Bank of Philippine Islands and Rizal Commercial Banking Corporation (each a "Noteholder" and collectively, the "Noteholders"), RCBC Trust and Investments Group (Facility and Paying Agent) and RCBC Capital Corporation (Issue Manager). The NFA provided for the conversion of the outstanding balance of the Parent Company's short-term bridge loan facilities with the Noteholders amounting \$20,000,000 each Noteholder into long term credit facilities. The NFA provided for the issuance of 7-year fixed rate corporate note which bears interest of 6.25% per annum payable quarterly. The net proceeds from the issuance of the Notes shall be used to refinance the bridge loan facilities used to acquire the 100% ownership of Quintel Cayman.

Under the NFA, the Group shall pay the 30% of the loan outstanding on issue date in 24 equal consecutive quarterly commencing at the end of the 1st year until the end of the 28th quarter from the issue date. The remaining 70% of the loan outstanding on issue date shall be paid in a single balloon payment at maturity date.

The NFA contained an embedded derivative arising from voluntary prepayment option where the Group may redeem, in whole or in part, equivalent to an amount less than and in multiples of \$5,000,000 on any interest payment date beginning on the first anniversary of the issue date, by paying a prepayment penalty equivalent to 2% of the principal amount of the Notes being redeemed, together with any and all accrued interest up to the date of redemption at the applicable rate and any related breakage costs (calculated from such non-interest payment date to the immediately succeeding interest payment date) actually incurred by the relevant Noteholders, if the redemption was made on a non-interest payment date. The prepayment penalty shall not apply if the redemption is due to: (i) interest costs or (ii) illegality.

The Group assessed that the embedded derivative in the NFA is closely related to the host contract, thus was not bifurcated from the host contract based on the provisions of PFRS 9.

In accordance with the NFA, the following financial ratios must be maintained:

- Debt to equity ratio shall not, at any time, exceed 70:30;
- Debt service coverage ratio shall not, as of relevant testing date, be less than 1.15; and
- Current ratio shall not, at any time, be less than 1.10.

Equity is defined in the agreement as the aggregate of outstanding capital stock, additional paid-in capital stock, equity reserve and retained earnings at any date and as shown in the latest consolidated balance sheet of the Group. Debt, on the other hand, is defined in the agreement as the aggregate of all obligations (whether actual or contingent) of the Group to pay or repay money.

Debt service ratio is defined in the agreement as the result obtained by dividing (i) earnings before deducting interest expense, income tax, depreciation and amortization (EBITDA) and (ii) the amount of debt service. Debt service, on the other hand, is defined in the agreement as the aggregate of all payments for: (a) interest and principal payments due under the Agreement in the next twelve (12) months; (b) the principal and interest payments due in the next twelve (12) months of all interest-bearing debt with tenor of more than twelve (12) months, and (c) netting obligations of the Issuer due in the next twelve (12) months under permitted hedging arrangements, if applicable.

The carrying amounts of the loan from the 2018 NFA amounted to \$15,000,000 and \$18,510,327 as of December 31, 2025 and 2024, respectively.

The loan is due in 2025, however, the Group requested for loan extension until 2026.

17.02.02 KEB Hana Bank Manila

On August 7, 2023, the Group entered into a loan agreement with KEB Hana Bank Manila amounting to \$4,499,073 with a loan term of three (3) years with an interest rate of 8% per annum, payable quarterly. The Group made loan repayment amounting to \$1,486,346, \$1,570,195 and \$374,323 in 2025, 2024 and 2023, respectively. As of December 31, 2025 and 2024, loans from KEB Hana Bank amounted to \$1,068,209 and \$2,554,555, respectively.

17.02.03 First Commercial Bank., Ltd.

On October 9, 2024, the Group entered into a loan agreement with First Commercial Bank., Ltd. amounting to \$2,000,000 with a loan term of three (3) years with an interest rate of 6.5% per annum, payable quarterly. The Group partially paid the principal amounting to \$666,667 and nil in 2025 and 2024, respectively. As of December 31, 2025 and 2024, loans from First Commercial Bank amounted to \$1,333,333 and \$2,000,000, respectively.

18. LEASE LIABILITIES

The Group, as lessee, entered into leasing arrangements with its related parties as disclosed in Note 23. The following are the amounts of lease liabilities:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2025	2024	2025	2024
Not later than one (1) year	\$ 34,709	\$ 34,501	\$ 23,521	\$ 20,869
Later than one (1) year but not later than five (5) years	66,652	86,770	57,083	75,435
	101,361	121,271	80,604	96,304
Discount	(20,757)	(24,967)	-	-
Present value of minimum lease payments	80,604	96,304	80,604	96,304
Current lease liabilities	23,521	20,869	23,521	20,869
Non-current lease liabilities	\$ 57,083	\$ 75,435	\$ 57,083	\$ 75,435

Movement in the lease liabilities is as follows:

	2025	2024
Balance, January 1	\$ 96,304	\$ 219,831
Finance incurred	4,210	4,626
Finance cost paid	(4,210)	(4,626)
Lease payments	(15,700)	(123,527)
Balance, December 31	\$ 80,604	\$ 96,304

The Group used its incremental borrowing rate of 5.0% to 5.5% to measure the present value of its lease liabilities since the implicit rate was not readily available.

The Group is compliant with the terms and conditions of the lease contracts.

19. RELATED PARTY TRANSACTIONS

Nature of relationship of the Group and its related parties are disclosed below:

Related Parties	Nature of Relationship
Carmetheus Holdings, Inc.	Ultimate Parent
Camerton Inc. (CI)	Immediate Parent
Cayon Holdings, Inc. (Cayon)	Under Common Control
Cirtek Land Corporation (CLC)	Under Common Control
Stockholders	Key Management Personnel
Post-employment benefit plan	Has significant influence over the plan

19.01 Due from a Related Party

Balances of due from a related party as shown in the consolidated statements of financial position are as follows:

19.01.01 Under Common Control

Transactions with under common control are detailed as follows:

	December 31, 2025		December 31, 2024	
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
Cayon				
Advances	\$ -	\$ 183,691	\$ -	\$ 186,148

The Group granted advances to Cayon to finance its working capital requirements. The amounts are unsecured and non-interest bearing, due and demandable and will be settled in cash. No guarantees have been received. In 2025, 2024 and 2023, the Group made partial collections amounting to \$2,457, \$8,198 and nil, respectively.

19.02 Due to Related Parties

Balances of due to related parties as shown in the consolidated statements of financial position are summarized per category as follows:

	2025	2024
Immediate Parent (Note 19.02.01)	\$ 2,000,000	\$ -
Under common control (Note 19.02.02)	613,117	612,475
Key management personnel (Note 19.02.03)	35,928	35,928
	\$ 2,649,045	\$ 648,403

19.02.01 Immediate Parent

Transaction with Immediate Parent pertains to advances received amounting to \$2,000,000 in 2025 which was used to partially pay off the maturing loan of the Parent Company. The amounts outstanding are non-interest bearing, unsecured, payable on demand, and will be settled in cash.

19.02.02 Under Common Control

Transactions with entities under common control are detailed as follows:

	December 31, 2025		December 31, 2024	
	Amount/ Volume	Outstanding Balances	Amount/ Volume	Outstanding Balances
CLC				
Rental	\$ -	\$ 475,234	\$ 6,157	\$ 476,678
Cayon				
Rental	-	135,797	8,718	135,797
Reimbursements	2,086	2,086	-	-
	\$ 2,086	\$ 613,117	\$ 14,875	\$ 612,475

The following are the nature, terms and conditions:

a) *Transactions with CLC*

The Group had a lease agreement on the land where its manufacturing plant (Building 1) is located with CLC for a period of 16 years starting January 1, 2019. The lease agreement provided for an annual rental of \$0.01 Million subject to periodic adjustments upon mutual agreement of both parties. The total rent expense charged to operations amounted to \$0.01 million in both years.

b) *Transactions with Cayon*

The Group entered into an agreement with Cayon starting January 1, 2019 to lease the land where the Group's Building 2 is located. The agreement calls for a fixed annual rate of \$0.01 Million for a period of six (6) years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may then be mutually agreed upon. Total rent expense charged to operations amounted to \$0.01 Million in both years. This was not renewed after its expiration in 2024.

In 2025, the Cayon paid certain expense on behalf of the Group amounting to \$2,086.

The amounts are unsecured, non-interest bearing and due and demandable and will be settled in cash. No guarantees have been given.

19.02.03 Key Management Personnel

Transaction with key management personnel pertains to advances granted to stockholders amounting to \$35,928 as of December 31, 2025 and 2024.

The amounts are unsecured, non-interest bearing and due and demandable and will be settled in cash. No guarantees have been given.

19.03 Remuneration of Key Management Personnel

Remunerations of key management personnel of the Group are detailed as follows:

	2025	2024	2023
Short-term benefits	\$ 1,238,532	\$ 1,254,686	\$ 1,301,037
Post-employment benefit	48,307	67,585	64,267
Balance at December 31	\$ 1,286,839	\$ 1,322,271	\$ 1,365,304

19.04 Transactions with Retirement Benefit Funds

The Group's retirement benefit fund is being maintained by the trustee bank. The fair value of the fund amounted to \$377,454 and \$424,168, as of December 31, 2025 and 2024, respectively, as disclosed in Note 24.02.05

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

Below is the disaggregation of the Group's revenue from contracts with customers in 2025, 2024 and 2023, respectively:

	2025	2024	2023
Discrete	\$ 8,981,292	\$ 6,154,007	\$ 7,654,784
Integrated circuits	7,199,575	6,228,588	11,772,411
Dual and quad flat no-leads	6,911,046	5,928,586	6,566,077
Analog	6,198,875	5,157,802	4,832,708
6 port antennas	5,661,990	11,318,025	7,612,904
Hermetics	4,766,282	5,164,021	4,017,340
Multichips	4,360,254	4,054,304	6,005,384
New product	3,511,323	7,220,214	7,979,465
Microwave Network Inc.	2,895,802	2,388,779	1,883,274
Remec manufacturing services	704,042	832,396	1,576,991
Cougar	465,447	358,790	480,901
8 port antennas	264,015	772,705	2,023,085
Brackets	258,699	897,079	1,128,122
12 port antennas	192,754	240,232	2,446,836
NRE additional service costs	140,386	382,526	261,206
Indoor radio frequency unit	87,155	198,957	87,544
Bridgewave	24,307	4,119	1,972
10 port antennas	6,617	46,240	598,603
Outdoor unit	610	22,758	46,654
16 port antennas	-	210,858	1,977,935
14 port antennas	-	-	274,405
Others	639,396	1,147,944	3,615,321
	\$ 53,269,867	\$ 58,728,930	\$ 72,843,922

21. COST OF SALES

Components of cost of sales account are as follows:

	2025	2024	2023
Raw materials, spare parts, supplies and other inventories used, and changes in inventories (Note 9)	\$ 19,269,955	\$ 20,479,556	\$ 31,586,219
Salaries, wages and employees' benefits (Note 24)	7,761,676	7,246,624	7,396,412
Depreciation and amortization (Notes 12, 13 and 14)	7,307,278	7,225,247	7,911,486
Utilities	3,990,651	3,609,081	3,887,290
Inward freight and duties and others	2,075,679	1,565,142	976,359
	\$ 40,405,239	\$ 40,125,650	\$ 51,757,766

Provision for inventory obsolescence amounting to \$362,221, \$1,024,332 and nil is recognized in 2025, 2024 and 2023, respectively, as disclosed in Note 9, recognized as cost of sales.

22. OPERATING EXPENSES

The account is composed of the following expenses:

	2025	2024	2023
Salaries, wages and employees' benefits (Note 24)	\$ 3,684,581	\$ 3,840,330	\$ 4,109,212
Commissions	628,535	1,310,470	999,912
Professional fees	476,815	585,222	896,995
Utilities	465,639	435,052	401,827
Transportation and travel	254,184	304,167	218,875
Taxes and licenses	290,511	205,673	360,301
Supplies	151,687	169,280	231,450
Insurance	106,181	118,188	115,480
Entertainment, amusements and recreation	106,285	87,179	98,535
Depreciation and amortization (Notes 12,13 and 14)	38,273	49,246	60,043
Write-off of trade receivables (Note 8)	-	1,152,822	1,152,822
Others	1,641,169	1,220,838	390,376
	\$ 7,843,860	\$ 9,478,467	\$ 9,035,828

Professional fees pertain to retainer's fee, legal fees and consultancy fees.

Other expenses pertain to repairs and maintenance and bank charges.

23. LEASE AGREEMENTS

The Group has leases for its land. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the consolidated statements of financial position as a ROU assets and a lease liabilities. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group's sales) are excluded from the initial measurement of the ROU assets and lease liabilities.

23.01 The Group as a Lessee

23.01.01 Cirtek Land Corporation (CLC)

The Group entered into a lease agreement with CLC, a related party, for piece of land located at 116 East Main Avenue, Phase V SEZ, Laguna Technopark, Binan Laguna consisting of 6,674 square meters, more or less. On January 1, 2019, the Group entered into an agreement with CLC to lease the land where Building 1 is erected. The agreement calls for a fixed annual rate of \$12,189 for a period of 16 years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may be mutually agreed upon. The Group is required to pay security deposit and advanced rental equivalent to one (1) month' rent amounting to \$1,016. These shall be applied to last one (1) month's rent and unpaid bills, or refunded upon termination of lease contract.

23.01.02 Cayon Holdings, Inc. (Cayon)

The Group entered into a lease agreement with Cayon, a related party, for piece of land located at 116 East Main Avenue, Phase V SEZ, Laguna Technopark, Binan Laguna consisting of 6,064 square meters, more or less. On January 1, 2019, the Group entered into an agreement with CHI to lease the land where Building 2 is erected. The agreement calls for a fixed annual rate of \$11,075 for a period of six (6) years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may be mutually agreed upon. The Group is required to pay security deposit and advanced rental equivalent to one (1) month' rent amounting to \$923. These shall be applied to last one (1) month's rent and unpaid bills, or refunded upon termination of lease contract.

23.01.03 Eastman Kodak Company

On February 7, 2021, the Group entered into lease agreement with Eastman Kodak Company for a lease of manufacturing plant in Eastman Business Park, Rochester, Monroe County, New York. The agreement calls for a fixed annual rate of \$11,287 for a period of three (3) years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may be mutually agreed upon. The agreement was extended until March 31, 2025. The lease contract is further extended to additional one (1) year. The Group did not recognize additional ROU assets and lease liabilities in 2025 related to this lease contract.

As of December 31, 2025 and 2024, the Group's ROU assets amounted to \$87,519 and \$97,745, respectively, as disclosed in Note 14. As of December 31, 2025 and 2024, lease liabilities amounted to \$100,265 and \$96,304, respectively, as disclosed in Note 18.

Rental security deposits amounted to \$1,071,863 and \$1,086,200 as of December 31, 2025 and 2024, respectively, as disclosed in Notes 15.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized on consolidated financial statements as of December 31, 2025 and 2024.

ROU Assets	No. of Right-of-Use Assets Leased	Range of Remaining Term	Average Remaining Lease Term	No. of Leases with Extension Options	No. of Leases with Options to Purchase	No. of Leases with Variable Payments linked to an Index	No. of Leases with Termination Options
<i>December 31, 2025</i>							
Land	1	8 years	9 years	1	-	-	-
December 31, 2024							
Land	1	9 years	10 years	1	-	-	-
Manufacturing plant	1	0	0	-	-	-	-

ROU Assets

Additional information on the ROU assets by class of assets is as follows:

December 31, 2025

Asset	Carrying Amount	Additions	Depreciation	Impairment
Land	\$ 87,519	\$ -	\$ 10,226	\$ -

December 31, 2024

Asset	Carrying Amount	Additions	Depreciation	Impairment
Land	\$ 97,745	\$ -	\$ 10,226	\$ -
Manufacturing plant		-	100,882	-
	\$ 97,745	\$ -	\$ 111,108	\$ -

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

24. EMPLOYEE BENEFITS

Aggregate employee benefits expense comprised:

	2025	2024	2023
Short-term employee benefits (Note 24.01)	\$ 11,113,248	\$ 10,769,825	\$ 11,225,150
Retirement Employee benefits (Note 24.02)	333,009	317,129	280,474
	\$ 11,446,257	\$ 11,086,954	\$ 11,505,624

24.01 Short-term Employee Benefits

Short-term benefits as disclosed in Notes 21 and 22 comprised of:

	2025	2024	2023
Salaries, wages and other labor costs	\$ 9,555,408	\$ 9,118,877	\$ 9,667,310
Other employee benefits	1,557,840	1,650,948	1,557,840
	\$ 11,113,248	\$ 10,769,825	\$ 11,225,150

24.02 Retirement Employee Benefits

24.02.01 Defined Benefit Plan

CEC has a funded, noncontributory defined benefit retirement plan administered by the Board of Directors while CATSI – Philippine Branch has an unfunded and non-contributory defined benefit retirement plan, with both entities covering all regular employees. Retirement benefits costs are determined in accordance with an actuarial study and are based on the employees' years of service and monthly basic salary. CEIC has not established a retirement plan while the Parent Company and RBWRP have no employees.

Under the existing regulatory framework, R.A. 7641 requires provision for retirement pay to qualified private sector employees' in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

24.02.02 Retirement Benefit Costs

Below are the summarized components of retirement benefit costs recognized in consolidated statements of comprehensive income:

	2025	2024	2023
Current service cost	\$ 184,922	\$ 178,493	\$ 149,109
Net interest cost	148,087	138,636	131,365
	\$ 333,009	\$ 317,129	\$ 280,474

24.02.03 Retirement Benefit Obligation

Below are the summarized components of retirement benefit obligation recognized in consolidated statement of financial position:

	2025	2024
Present value of defined benefit obligation	\$ 2,931,352	\$ 3,047,245
Fair value of plan assets	(377,454)	(424,168)
	\$ 2,553,898	\$ 2,623,077

24.02.04 Present Value of the Defined Benefit Obligation

Changes in the presented value of the defined benefit obligation are as follows:

	2025	2024
Opening present value defined benefit obligation	\$ 3,047,245	\$ 2,610,386
Current service cost	184,922	178,493
Interest cost	148,087	168,999
Benefits paid from working capital	(52,605)	(237,042)
Translation adjustments	140,743	304,065
Actuarial gains (loss)	(537,040)	(22,344)
	\$ 2,931,352	\$ 3,047,245

In 2025, 2024 and 2023, the Group recognized retirement benefit gain amounting to \$98,830, \$103,616 and \$1,026,226, respectively, as disclosed in Note 25. In 2025, 2024 and 2023, the Group paid retirement benefits from its working capital amounting to \$52,605, \$237,042 and nil, respectively.

24.02.05 Fair Value of Plan Assets

The Group has an agreement with an insurance company to fund the retirement benefits of its employees. The Group believes that the insurance coverage qualifies as plan assets because the proceeds of the policy can be used only to play or fund the retirement benefits. In 2025, 2024 and 2023, the Group made contributions to plan assets amounting to nil, \$98,299 and nil, respectively. As of December 31, 2025 and 2024, plan assets amounted to \$377,454 and \$424,168, respectively.

24.02.06 Remeasurement Losses (Gains)

In 2025, 2024 and 2023, remeasurement losses (gains) recognized in other comprehensive income amounted to \$(537,040), \$(22,344) and \$909,164, respectively. As of December 31, 2025 and 2024, other comprehensive loss and income amounted to \$825,727 and \$288,687, respectively.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2025	2024
Discount rate	6.30%	6.20%
Expected rate of salary increase	3.00%	3.00%

The sensitivity analysis of the defined benefit obligation of changes in the weighted principal assumption for 2025 and 2024 are as follows:

	Impact on Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2025			
Discount rate	100 BPS	Decreased by 8%	Increased by 9%
Salary increase rate	100 BPS	Increased by 10%	Decreased by 9%
2024			
Discount rate	100 BPS	Decreased by 8%	Increased by 10%
Salary increase rate	100 BPS	Increased by 10%	Decreased by 9%

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis. The latest actuarial reports of the Group are as of December 31, 2024. The average duration of the defined benefit obligation at the end of the reporting date ranges from 19 to 22 years.

Expected maturity analysis of undiscounted benefit obligation is as follows:

	More than			Total
	Less than one (1) year	two (2) years but within five (5) years	More than five (5) years	
2025				
Undiscounted amount	\$ 291,463	\$ 984,561	\$ 9,426,584	\$ 10,702,608
2024				
Undiscounted amount	\$ 475,865	\$ 822,349	\$ 10,367,903	\$ 11,666,117

24.02.07 Defined Contribution Plan

Quintel USA has a retirement savings plan under Section 401(k) of the United States Internal Revenue Code. Employees are eligible to participate in the plan after completing three months of service. Quintel USA makes a matching contribution of 100% of each employee's contributions up to 4% of such employee's compensation.

Quintel USA made matching contributions amounting to \$.08 million in both years.

Quintel Technology, Ltd. has a defined contribution plan covering substantially all UK employees. In both years, Quintel Technology, Ltd. made contribution amounting to \$.02 million.

25. OTHER INCOME (EXPENSE) – net

The account is composed of the following:

	2025	2024	2023
Retirement benefit gain (Note 24)	\$ 98,830	\$ 103,616	\$ 1,026,226
Loss on sale of property and equipment (Notes 12) – net	-	(69,120)	-
Unrealized foreign exchange gain (loss) – net	(675,303)	(1,066,206)	(212,952)
Others – net	371,655	287,402	21,093
	\$ (204,818)	\$ (744,308)	\$ 834,367

Others include reversal (provision) of warranty claims amounting to \$(3,576), \$278,785 and \$(90,677) in 2025, 2024 and 2023, respectively, as disclosed in Note 16.

26. INCOME TAXES

26.01 CEC

On March 24, 1998, the Philippine Economic Zone Authority (PEZA) approved CEC's registration as an ecozone export enterprise at the Laguna Technopark for the manufacture of standard integrated circuits, discrete, hybrid and potential new packages.

Beginning October 30, 2002, the manufacture and export of integrated circuits, discrete and hybrid transferred to PEZA from Board of Investments (where originally registered) and became subject to the 5% gross income tax incentive, as defined under R.A. No. 7916, the law creating the PEZA.

The PEZA granted the Company an income tax holiday for its manufacture of plastic and ceramic leadless chip carriers in both years.

26.02 CATSI - Philippine Branch

CATSI - Philippine Branch was registered with PEZA as an Ecozone Export Enterprise to engage in the manufacture, fabrication and design of millimeter wave components and subsystems in a special economic zone to be known as the Carmelray Industrial Park I -Special Economic Zone (CIP I-SEZ and Laguna Technopark in accordance with the project study, representations, commitments and proposals set forth in its application forming integral parts, subject to the terms and conditions provided in its registration.

As a PEZA-registered entities, CEC and CATSI – Philippine Branch are entitled to tax incentives equivalent to 5% of the gross income earned on its registered activities after the income tax holiday (ITH) of four years.

The PEZA granted the Company an income tax holiday for its manufacture of ADI RF load boards and other analog device products in both years.

Details of income tax expense are as follows:

	2025		2024		2023	
Current	\$	198,183	\$	386,466	\$	617,337
Deferred		-		167,217		(13,925)
	\$	198,183	\$	553,683	\$	603,412

Composition of income tax expense are as follows:

	2025		2024		2023	
CEC	\$	81,830	\$	406,071	\$	268,823
CATS – Philippine Branch		69,747		125,905		284,621
Quintel		46,606		21,707		49,968
	\$	198,183	\$	553,683	\$	603,412

The provision for current income tax in 2025, 2024 and 2023 pertains to the special rate of 5% on taxable gross income of CEC and CATS - Philippine Branch.

Based on the National Internal Revenue Code Sec 27, MCIT of two percent (2%) of the gross income as of the end of taxable year is imposed on corporation beginning on the fourth taxable year immediately following the year in which such corporation started its commercial operation when the MCIT is greater than the regular corporate income computed for the taxable year. The Group is subject to MCIT beginning 2015.

The components of the deferred tax assets and liability of the Group as of December 31, 2025 and 2024 are as follows:

26.03 Deferred Tax Asset

	2025		2024	
Retirement benefit obligation	\$	129,257	\$	129,257

26.04 Deferred Tax Assets (Liability) Recognized in Business Combination

	2025		2024	
Intangible assets	\$	(7,204,421)	\$	(7,204,421)
NOLCO		3,528,204		3,528,204
Accrued expenses		755,852		755,852
	\$	(2,920,365)	\$	(2,920,365)

The Group's NOLCO and MCIT for which no deferred taxes have been recognized as the Management believes that it may not be probable that sufficient future taxable profit will be available against which the deferred tax assets can be utilized are as follows:

	2025	2024
NOLCO		
Parent Company	\$ 14,776,537	\$ 22,961,600
RBWRP	1,025,554	1,245,099
Quintel	32,764,855	32,764,855
Total NOLCO	\$ 48,566,946	\$ 56,971,554
MCIT	\$ 5,181	\$ 4,864

As of December 31, 2025 and 2024, the Parent Company and RBWRP incurred NOLCO and MCIT that can be claimed as deduction from future taxable income as follows:

Parent Company

Details of NOLCO not covered by Revenue Regulation (RR) No. 25-2020 are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2022	\$ 6,726,224	\$ -	\$ -	\$ 6,726,224	\$ -	2025
2023	2,906,204	-	-	-	2,906,204	2026
2024	2,299,898	-	-	-	2,299,898	2027
2025	2,379,774	-	-	-	2,379,774	2028
	\$ 14,312,100	\$ -	\$ -	\$ 6,726,224	\$ 7,585,876	

Details of NOLCO covered by Revenue Regulation No. 25-2020 is as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2020	\$ 3,838,613	\$ -	\$ -	\$ 3,838,613	\$ -	2025
2021	7,190,661	-	-	-	7,190,661	2026
	\$ 11,029,274	\$ -	\$ -	\$ 3,838,613	\$ 7,190,661	

Details of MCIT are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2023	\$ 4,409	\$ -	\$ -	\$ -	\$ 4,409	2026
2024	455	-	-	-	455	2027
2025	317	-	-	-	317	2028
	\$ 5,181	\$ -	\$ -	\$ -	\$ 5,181	

RBWRP

Details of NOLCO not covered by Revenue Regulation (RR) No. 25-2020 are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2022	\$ 218,593	\$ -	\$ -	\$ 218,593	\$ -	2025
2023	14,681	-	-	-	14,681	2026
2024	618	-	-	-	618	2027
2025	478	-	-	-	478	2028
	\$ 234,370	\$ -	\$ -	\$ 218,593	\$ 15,777	

Details of NOLCO covered by RR No. 25-2020 is as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2020	\$ 1,430	\$ -	\$ -	\$ 1,430	\$ -	2025
2021	1,009,777	-	-	-	1,009,777	2026
	\$ 1,011,207	\$ -	\$ -	\$ 1,430	\$ 1,009,777	

The Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 25-2020 to inform all concerned on the longer period for claiming NOLCO from taxable years 2020 and 2021.

Pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three (3) consecutive years only.

Quintel USA

Quintel USA incurred NOLCO that can be claimed as deduction from future taxable income amounting to \$32,764,855.

	NOLCO	DTA	Expiration
Quintel USA	\$ 32,764,855	\$ 6,880,620	2027 to 2037

27. EARNINGS (LOSS) PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings (loss) per share are as follows:

	2025	2024	2023
Net income	\$ 2,047,287	\$ 5,118,873	\$ 8,597,760
Adjustment on dividends declared:			
Preferred B-2 shares	-	(6,113,736)	(6,113,739)
Preferred B-2B shares	-	(2,000,000)	(1,600,000)
Preferred B-2C shares	-	(974,443)	(1,217,130)
Preferred B-2D shares	-	(1,938,103)	(2,057,164)
Net income (loss) attributable to common shareholders of the Group	\$ 2,047,287	\$ (5,907,409)	\$ (2,390,273)
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	668,505,825	668,505,825	668,505,825

The Group's earnings (loss) per share are \$0.0031, \$(0.0088) and \$(0.0036) in 2025, 2024 and 2023, respectively.

As of December 31, 2025 and 2024, the Group has no potential dilutive common shares.

The weighted average number of common shares outstanding used in the calculation of EPS is based on the outstanding shares of the Group as adjusted with the effects of shares held by a subsidiary.

28. FAIR VALUE MEASUREMENTS

28.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Group's financial assets and financial liabilities as of December 31, 2025 and 2024 are presented below:

	2025		2024	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets:				
Cash	\$ 10,542,000	\$ 10,542,000	\$ 12,794,634	\$ 12,794,634
Trade and other receivables – net	36,041,122	36,041,122	36,574,703	36,574,703
Due from a related party	183,691	183,691	186,148	186,148
Other current assets				
Loans to employees	244,517	244,517	336,660	336,660
Security deposits	45,818	45,818	45,818	45,818
Other financial assets at amortized cost	410,196	410,196	415,427	415,427
Other non-current assets				
Rental deposits	1,071,863	1,071,863	1,086,200	1,086,200
Miscellaneous deposits	157,074	157,074	219,778	219,778
	\$ 48,696,281	\$ 48,696,281	\$ 51,659,368	\$ 51,659,368
Financial Liabilities:				
Trade and other payables	\$ 12,679,383	\$ 12,679,383	\$ 16,275,816	\$ 16,275,816
Due to related parties	2,649,045	2,649,045	648,403	648,403
Loans	25,620,129	25,620,129	32,340,028	32,340,028
Lease liabilities	80,604	80,604	96,304	96,304
	\$ 41,029,161	\$ 41,029,161	\$ 49,360,551	\$ 49,360,551

As of December 31, 2025 and 2024, the carrying value of the Group's financial assets and liabilities are equal to or approximate their respective fair value.

Cash and cash equivalents, trade and other receivables, due from a related party, loans to employees presented under 'other current assets', trade payable and accruals, loans, and due to related parties.

The carrying amounts approximate fair value since these are mostly short-term in nature or due and demandable.

Other financial assets at amortized cost

The fair value of financial assets at amortized cost that are actively traded in organized financial markets is determined by reference to quoted market bid prices, at the close of business on the reporting date or last trading day as applicable (Level 1).

Miscellaneous deposits

The miscellaneous deposits are carried at cost since the timing and related amounts of future cash flows cannot be reasonably and reliably estimated for purposes of establishing its fair value using an alternative valuation technique.

Lease liabilities

The fair value of lease liabilities is based on the discounted value of future cash flows using the applicable rates for similar types of loans. The discount rate used was 5.0% to 5.5% in both years (Level 3).

Long-term Loans

The fair value of long-term loans are based on the discounted value of future cash flows using the applicable rates for similar types of loans. The discount rate used was 7.5% in both years (Level 3).

December 31, 2025				
	Level 1	Level 2	Level 3	Total
Financial assets				
measured at fair value:				
Other financial				
assets at				
amortized cost	\$ 410,196	\$ -	\$ -	\$ 410,196
Long-term loans	-	-	15,000,000	15,000,000
December 31, 2024				
	Level 1	Level 2	Level 3	Total
Financial assets				
measured at fair value:				
Other financial				
assets at				
amortized cost	\$ 415,427	\$ -	\$ -	\$ 415,427
Long-term loans	-	-	18,510,327	18,510,327

29. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's principal financial instruments comprise of cash, short term loans and long-term loans. The main purpose of these consolidated financial statements is to support the Group's operations. The Group has various other financial instruments such as trade and other receivables, due from a related party and loans to employees, security deposit (presented as part of prepayment and other current assets), other financial assets at amortized cost, rental deposits and miscellaneous deposits (presented under other noncurrent assets), trade and other payables, due to related parties which generally arise directly from its operations.

29.01 Risk Management

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and foreign currency risk. The Group's management reviews and approves policies for managing each of these risks and they are summarized below:

Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit items are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For cash in bank, other receivables, due from a related party, rental deposits, loans to employees and miscellaneous deposits, the Group applies the low credit risk simplification where the Group measures the ECL on a 12-month basis based on the probability of default and loss given default which are publicly available. The Group also evaluates the credit rating of the bank and other counterparties to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers its cash in banks as high grade since these are placed in financial institutions of high credit standing. For other receivables, amounts owed by related parties various deposits, loans to employees, the Group considers this as high to medium grade as the counterparties are of high credit standing. Accordingly, ECLs relating to those debt instruments round to nil.

For trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of customers segments with similar loss patterns. 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 forecast of future economic conditions.

In its ECL model, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Gross domestic products
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Based on the Group's credit risk experience, expected credit loss rate increases as the age of receivables increase.

On the other hand, the Group considers its amounts owed by related parties as medium grade due to assured collectability through information from the related parties' sources of funding. No ECLs relating to these debt instruments was recognized.

The aging per class of financial assets and expected credit loss as of December 31, 2025 and 2024 are follows:

December 31, 2025:

	12-Month ECL	Lifetime ECL Not Credit Impaired	Simplified Approach	Total
Amortized cost				
Cash in banks and cash equivalents	\$ 10,541,765	\$ -	\$ -	\$ 10,541,765
Trade and other receivables	-	-	36,041,122	36,041,122
Due from a related party	183,691	-	-	183,691
Other current assets:				
Loans to employees	244,517	-	-	244,517
Security deposits	45,818	-	-	45,818
Other financial assets at amortized cost	410,196	-	-	410,196
Other non-current assets				
Rental deposits	1,071,863	-	-	1,071,863
Miscellaneous deposits	157,074	-	-	157,074
	\$ 12,654,924	\$ -	\$ 36,041,122	\$ 48,696,046

Set out below is the information about the credit risk exposures of the Group's financial assets using a provision matrix as of December 31, 2025.

Trade receivables and other receivables

Days past due

	Current	<30 days	30-60 days	61-90 days	>91 days	Impaired Financial Assets	Totals
Expected credit loss rate	0%	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	\$25,664,697	\$1,931,813	\$1,401,289	\$1,214,982	\$5,828,341	\$741,012	\$36,782,134
Expected credit loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$741,012	\$ 741,012

December 31, 2024:

	12-Month ECL	Lifetime ECL Not Credit Impaired	Simplified Approach	Total
Amortized cost				
Cash in banks and cash equivalents	\$ 12,794,398	\$ -	\$ -	\$ 12,794,398
Trade and other receivables	-	-	36,574,703	36,574,703
Due from a related party	186,148	-	-	186,148
Other current assets:				
Loans to employees	336,660	-	-	336,660
Security deposits	45,818	-	-	45,818
Other financial assets at amortized cost	415,427	-	-	415,427
Other non-current assets				
Rental deposits	1,086,200	-	-	1,086,200
Miscellaneous deposits	219,778	-	-	219,778
	\$ 15,084,429	\$ -	\$ 36,574,703	\$ 51,659,132

Set out below is the information about the credit risk exposures of the Group's financial assets using a provision matrix as of December 31, 2024.

Trade receivables and other receivables

	Days past due					Impaired Financial Assets	Totals
	Current	<30 days	30-60 days	61-90 days	>91 days		
Expected credit loss rate	0%	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	\$27,213,128	\$1,262,033	\$1,490,128	\$1,014,797	\$5,594,617	\$741,012	\$37,315,715
Expected credit loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$741,012	\$ 741,012

December 31, 2025:

	Days Past due						Net of ECL
	Current	<30 days	30-60 days	61-90 days	>90 days	ECL	
Cash in banks and cash equivalents	\$10,541,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$10,541,765
Trade and other receivables	25,664,697	1,931,813	1,401,289	1,214,982	6,559,353	(741,012)	36,041,122
Due from a related party	183,691	-	-	-	-	-	183,691
Other current assets:							
Loans to employees	244,517	-	-	-	-	-	244,517
Security deposits	45,818	-	-	-	-	-	45,818
Other financial asset at amortized cost	410,196	-	-	-	-	-	410,196
Other noncurrent assets:							
Rental deposits	1,071,863	-	-	-	-	-	1,071,863
Miscellaneous deposits	157,074	-	-	-	-	-	157,074
	\$38,319,621	\$1,931,813	\$1,401,289	\$1,214,982	\$6,559,353	\$(741,012)	\$48,696,046

December 31, 2024:

	Days Past due						Net of ECL
	Current	<30 days	30-60 days	61-90 days	>90 days	ECL	
Cash in banks and cash equivalents	\$12,794,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$12,794,398
Trade and other receivables	27,213,128	1,262,033	1,490,128	1,014,797	6,335,629	(741,012)	36,574,703
Due from a related party	186,148	-	-	-	-	-	186,148
Other Current assets:							
Loans to employees	336,660	-	-	-	-	-	336,660
Security Deposit	45,818	-	-	-	-	-	45,818
Other financial asset at amortized cost	415,427	-	-	-	-	-	415,427
Other noncurrent assets:							
Rental deposits	1,086,200	-	-	-	-	-	1,086,200
Miscellaneous deposits	219,778	-	-	-	-	-	219,778
	\$42,297,557	\$ 1,262,033	\$1,490,128	\$1,014,797	\$ 6,335,629	\$(741,012)	\$51,659,132

The tables below summarize the credit quality per class of the Group's financial assets that are neither past due nor impaired:

December 31, 2025

	Neither Past due nor Impaired			Total
	High Grade	Medium Grade	Low Grade	
Cash	\$10,542,000	\$ -	\$ -	\$10,542,000
Trade and other receivables	25,664,697	10,376,425	-	36,041,122
Due from a related party	-	183,691	-	183,691
Other current assets:				
Loans to employees	244,517	-	-	244,517
Security Deposit	45,818	-	-	45,818
Other financial assets at amortized cost	410,196	-	-	410,196
Other noncurrent assets:				
Rental deposits	1,071,863	-	-	1,071,863
Miscellaneous deposits	157,074	-	-	157,074
	\$38,136,165	\$10,560,116	\$ -	\$48,696,281

December 31, 2024

	Neither Past due nor Impaired			Total
	High Grade	Medium Grade	Low Grade	
Cash	\$ 12,794,634	\$ -	\$ -	\$ 12,794,634
Trade and other receivables	27,213,128	9,361,575	-	36,574,703
Due from a related party	-	186,148	-	186,148
Other current assets:				
Loans to employees	336,660	-	-	336,660
Security Deposit	45,818	-	-	45,818
Other financial assets at amortized cost	415,427	-	-	415,427
Other noncurrent assets:				
Rental deposits	1,086,200	-	-	1,086,200
Miscellaneous deposits	219,778	-	-	219,778
	\$ 42,111,645	\$ 9,547,723	\$ -	\$ 51,659,368

High grade – These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Medium grade – These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay and that have history of sliding beyond the credit terms but pay within 60 days.

Low grade – These are receivables where the counterparty's capability of honoring its financial obligation is doubtful.

Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. Liquidity risk may result from a counterparty's failure on repayment of a contractual obligation or inability to generate cash inflows as anticipated.

The Group maintains sufficient cash to finance its operations and major capital expenditures and satisfy its maturing obligations. It may also from time to time seek other sources of funding, which may include debt or equity financing, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

The table below summarize the maturity analysis of the Group's financial assets used for liquidity management and financial liabilities based on contractual undiscounted payments:

December 31, 2025

	On Demand	Less than one (1) year	One (1) to two (2) years	More than two (2) years	Total
December 31, 2025					
Cash and cash equivalents	\$ 10,512,584	\$ 29,416	\$ -	\$ -	\$ 10,542,000
Trade and other receivables	-	36,041,122	-	-	36,041,122
Due from a related party	183,691	-	-	-	183,691
	\$ 10,696,275	\$ 36,070,538	\$ -	\$ -	\$ 46,766,813
Trade and other payables:					
Trade payables	\$ -	\$ 10,042,142	\$ -	\$ -	\$ 10,042,142
Accrued expense	-	2,637,241	-	-	2,637,241
Short-term loans	-	8,218,587	-	-	8,218,587
Due to related parties	2,649,045	-	-	-	2,649,045
Long-term debts	-	16,068,209	-	1,333,333	17,401,542
	\$ 2,649,045	\$ 36,966,179	\$ -	\$ 1,333,333	\$ 40,948,557

December 31, 2024

	On Demand	Less than one (1) year	One (1) to two (2) years	More than two (2) years	Total
December 31, 2024					
Cash and cash equivalents	\$ 12,765,953	\$ 28,681	\$ -	\$ -	\$ 12,794,634
Trade and other receivables	-	36,574,703	-	-	36,574,703
Due from a related party	186,148	-	-	-	186,148
	\$ 12,952,101	\$ 36,603,384	\$ -	\$ -	\$ 49,555,485
Trade and other payables:					
Trade payables	\$ -	\$ 12,635,078	\$ -	\$ -	\$ 12,635,078
Accrued expense	-	3,640,738	-	-	3,640,738
Short-term loans	-	9,275,146	-	-	9,275,146
Due to related parties	648,403	-	-	-	648,403
Long-term debts	-	19,944,463	1,120,419	2,000,000	23,064,882
	\$ 648,403	\$ 45,495,425	\$ 1,120,419	\$ 2,000,000	\$ 49,264,247

Foreign currency risk

The Group uses the US dollar as its functional currency and is therefore exposed to foreign exchange movements. The Group follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-US dollar currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's income before income tax as of December 31, 2025 and 2024:

December 31, 2025				
		Original Currency in PHP		Total Dollar Equivalent
Financial Assets				
Cash and cash equivalents	P	57,669,545	\$	980,941
Financial assets at amortized cost		24,115,423		410,196
Other current assets		138,331,636		2,351,141
Other noncurrent assets		7,470,669		127,074
Total Financial Assets		227,587,273		3,869,352
Financial Liabilities				
Trade and other payables		179,931,117		3,060,574
Borrowings		78,386,666		1,333,333
Total Financial Liabilities		258,317,783		4,393,907
Net Financial Assets	P	(30,730,510)	\$	(524,555)

December 31, 2024				
		Original Currency in PHP		Total Dollar Equivalent
Financial Assets				
Cash and cash equivalents	P	56,637,642	\$	976,275
Financial assets at amortized cost		24,100,582		415,427
Other current assets		166,005,205		2,861,468
Other noncurrent assets		24,781,144		427,158
Total Financial Assets		271,524,573		4,680,328
Financial Liabilities				
Trade and other payables		205,396,984		3,540,315
Borrowings		212,800,000		3,668,080
Total Financial Liabilities		418,196,984		7,208,395
Net Financial Assets	P	(146,672,411)	\$	(2,528,067)

US Dollar

December 31, 2025						
	Foreign currency Appreciates by	\$	Effect on Income Before Tax	Foreign currency Depreciates by	\$	Effect on Income Before Tax
Peso denominated assets	+6%		232,161	-6%		(232,161)
Peso denominated liabilities	+6%		(263,634)	-6%		263,634
		\$	(31,473)		\$	31,473

December 31, 2024				
	Foreign currency Appreciates by	Effect on Income Before Tax	Foreign currency Depreciates by	Effect on Income Before Tax
Peso denominated assets	+6%	\$ 280,820	-6%	\$ (280,820)
Peso denominated liabilities	+6%	(432,504)	-6%	432,504
		\$ (151,684)		\$ 151,684

The change in currency rate is based on the Group's best estimate of its expected change considering the historical trends and experiences. There is no other effect on the Group's equity other than those already affecting income before tax.

30. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure, which pertains to its equity as shown in the consolidated statement of financial position, and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes in 2024.

The Group considers the following as capital:

	2025	2024
Common stock	\$ 14,562,067	\$ 14,562,067
Preferred stock	3,925,528	3,925,528
Additional paid-in-capital	186,184,391	186,184,391
Equity reserve	4,030,214	4,030,214
Remeasurement	825,727	288,687
Retained earnings	1,666,384	(380,903)
Parent company shares held by a subsidiary	-	(13,425)
	\$ 211,194,311	\$ 208,596,559

As of December 31, 2025 and 2024, the Group is subject to quantitative loan covenants and financial ratios on its long-term loans.

As of December 31, 2025 and 2024, the Group was able to meet its capital requirements and management objectives.

31. EQUITY

Components of issued capital are as follows:

	2025		2024		2023
Common shares (Note 31.01)	\$ 14,562,067	\$	14,562,067	\$	14,562,067
Preferred shares (Note 31.02)	3,925,528		3,925,528		3,925,528
Stock warrants	-		-		6,458,070
Additional paid-in capital	186,184,391		186,184,391		179,726,321
	\$ 204,671,986	\$	204,671,986	\$	204,671,986

31.01 Common Shares

Shown below are the details of common shares as of December 31, 2025, 2024 and 2023:

	2025		2024		2023	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized						
Common shares, ₱1.00 par value	1,200,000,000	\$ 24,053,400	1,200,000,000	\$ 24,053,400	1,200,000,000	\$ 24,053,400
Issued and fully paid	668,505,825	\$ 14,562,067	668,505,825	\$ 14,562,067	668,505,825	\$ 14,562,067

On November 18, 2011, the Group listed with the PSE its common stock, wherein it offered 42,163,000 shares to the public at issue price of ₱7 per share. The total proceeds with issuance of new shares amounted to ₱295.1 million (\$6.8 million). The Group incurred transaction costs incidental to the IPO amounting ₱47.3 million (\$1.1 million), which was charged against “Additional paid-in capital” in the 2011 consolidated statement of financial position. As of December 31, 2011, the Parent Company has 162,163,000 issued common shares.

As of December 31, 2025 and 2024, the carrying value of Group shares held by a subsidiary amounted to nil and \$13,425, respectively.

Stock Rights Offering

The Board of Directors and stockholders of Parent Company, in their special meetings held on September 28, 2020 and November 27, 2020, respectively, approved the following:

1. The approval to offer to all eligible stockholders of record of the Parent Company, as of the date to be set by its management in accordance with existing law and regulations (the 'Record Date'), rights to subscribe (the "Rights Offer") to the common shares of the Parent Company (the 'Rights Shares') with a bonus detachable warrant for each Rights Share (the 'Detachable Warrant'), subject to: (i) the approval of the increase in the Corporation's authorized capital stock; (ii) the registration or exemption requirements, whichever may be applicable, of the Securities and Exchange Commission ('SEC'); and (iii) the listing requirements of the Philippine Stock Exchange ('PSE').
2. The approval of the authority of any one (1) of the Chairman of the Board, the President, the Chief Financial Officer, and/or other senior officers of the Parent Company to fix the terms and conditions of the Rights Offer, including, but not limited to, the final issue size which shall be up to 250,000,000 common shares, the entitlement ratio, the offer price, the payment terms, the terms of the detachable warrant including the exercise price, the procedure for lodging the application to subscribe, the details and procedures for the various rounds of offer including the treatment of rump shares, as applicable, the Record Date and other relevant dates, and other terms, without the necessity of obtaining further approval from the stockholders and Board of Directors (BOD).

On January 6, 2021, the BOD passed resolutions approving a new the conduct of a Stock Rights Offering with issuance of bonus detachable warrants, which approval was refreshed on February 5, 2021.

On June 23, 2021, the Board of Directors of the Philippine Stock Exchange, Inc. in its meeting approved, the application of the Parent Company to list up to 250,000,000 common shares (the "Right Shares"), with a par value of ₱1.00 per share, to cover its Stock Rights Offering ("SRO") to all stockholders as of the proposed record date, at an Offer Price of ₱4.50 to ₱7.25 per Right Share, as well as its application to list up to 250,000,000 Bonus Detachable Warrants ("Detachable Warrants"), free of charge, with up to 250,000,000 underlying common shares at Exercise Price of ₱4.50 to ₱7.25.

The original offer period of the SRO is for the period of July 12 to 22, 2022. However, the Office of the President recently issued Proclamation No. 1189 declaring July 20, 2021 as a regular holiday in observance of Eid'l Adha. Thus, the Parent Company and the Joint Issue Managers and Lead Underwriters agreed to extend the offer period for the SRO until July 23, 2021 (originally set to end on July 22, 2021). The SEC-Markets and Securities Regulation Department confirmed to the Parent Company on July 16, 2021 that it has no objection to the extension of the offer period.

In 2021, proceeds from issuance of common stock amounted to \$20,864,536. Stock warrants were not exercised in 2024. The same amount was transferred to additional paid-in capital in 2024 because of expiration of stock warrants. As of December 31, 2025 and 2024, stock warrants amounted to nil.

31.02 Preferred Shares

Details of Group's redeemable preferred shares are as follows:

	2025		2024		2023	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized						
Preferred shares A, ₱0.10 par value	700,000,000	\$ 1,587,734	700,000,000	\$ 1,587,734	700,000,000	\$ 1,587,734
Preferred shares B-1, ₱1.00 par value	70,000,000	1,587,734	70,000,000	1,587,734	70,000,000	1,587,734
Preferred shares B-2, ₱1.00 par value	360,000,000	7,481,141	360,000,000	7,481,141	360,000,000	7,481,141
	1,130,000,000	10,656,609	1,130,000,000	10,656,609	1,130,000,000	10,656,609
Issued and fully paid						
Preferred shares A	700,000,000	946,863	700,000,000	946,863	700,000,000	946,863
Preferred shares B-1	70,000,000	342,399	70,000,000	342,399	70,000,000	342,399
Preferred shares B-2	67,000,000	1,326,733	67,000,000	1,326,733	67,000,000	1,326,733
Preferred shares B-2B	20,000,000	416,145	20,000,000	416,145	20,000,000	416,145
Preferred shares B-2C	16,936,400	332,093	16,936,400	332,093	16,936,400	332,093
Preferred shares B-2D	28,625,500	561,295	28,625,500	561,295	28,625,500	561,295
Balance, December 31	902,561,900	\$ 3,925,528	902,561,900	\$ 3,925,528	902,561,900	\$ 3,925,528

In 2015, the 400,000,000 preferred shares at par value of ₱0.10 were subscribed by Camerton, a principal shareholder of the Parent Company.

On September 8, 2017, the Parent Company's BOD, by majority vote, approved the amendment in the Parent Company's articles of incorporation to increase the Parent Company's authorized capital stock by ₱300,000,000, or:

- a) From ₱560,000,000, consisting of:
 - i. ₱520,000,000 worth of common shares divided in to 520,000,000 common shares with par value of ₱1.00 per share; and
 - ii. ₱40,000,000 worth of preferred shares divided into 400,000,000 Preferred A shares with par value of ₱0.10 per share.
- b) To ₱860,000,000 consisting of:
 - i. ₱520,000,000 worth of common shares divided into 520,000,000 common shares with par value of ₱1.00 per share;
 - ii. ₱70,000,000 worth of Preferred A shares divided into 700,000,000 preferred A shares with par value of ₱0.10 per share; and
 - iii. ₱270,000,000 worth of preferred B shares with par value of ₱1.00 per share. The Preferred B shares are further classified into the following series: (a) ₱70,000,000 worth of preferred B-1 shares, and (b) ₱200,000,000 worth of preferred B-2 shares, both having a par value of ₱1.00 per share.

On the same date, the additional 300,000,000 preferred A shares and 70,000,000 preferred B-1 shares shall be issued to and subscribed by Camerton at their par value of ₱0.10 per share and ₱1.00 per share, respectively. The Parent Company recognized preferred stock and additional paid-in capital amounting to \$0.1 million and \$0.3 million, respectively, net of subscriptions receivable. Preferred B-1 shares are not listed in the PSE.

On September 29, 2017, the Philippine SEC approved the Parent Company's application for the increase in authorized capital stock.

The features of the preferred A shares are (i) full voting rights, one vote for each share; (ii) preferred non-cumulative cash dividends at the rate of 1% of their par value per year, with no participation in further cash dividends which may be declared and paid to the common shares or any other class or series of shares; and (iii) the same stock dividends which may be declared and paid to the common shares or any other class or series of shares.

On September 15, 2017 and November 9, 2017, the Parent Company's BOD approved the following features, rights and privileges of preferred B-2 shares:

- a. Non-voting;
- b. Preferred, cumulative cash dividends of up to 6.125% of the issue price per year, at the discretion of the Parent Company's BOD, with no participation in further cash dividends which may be declared and paid to the common shares, provided that, other than the basis being their respective issue prices, the cash dividend rate for preferred B-1 shares and preferred A shares;
- c. The same stock dividends which may be declared and paid to the common shares;
- d. As and if approved by the Parent Company's BOD, redeemable in whole and not in part, at the sole option of the Parent Company at a price and at such time that the Parent Company's BOD shall determine;

In 2017, aggregate amount received from the issuance of preferred shares amounted to \$67,489,141. Related stock issuance cost amounted to \$775,635.

In 2018, partial payment received from subscription receivable on preferred shares A amounting to \$578,882.

The Board of Directors, in its special meeting held on September 1, 2020, approved the following:

1. The designation of Subseries of Preferred B-2 Shares Consisting of 33 Million Unissued Existing Preferred B-2 Shares to be denominated as Preferred B2 Subseries B Shares and to denominate the Preferred B2 shares issued in 2017 consisting of 67 Million Preferred B-2 Shares as Preferred B-2 Subseries A Shares.
2. Approval of the Terms and Conditions of the Preferred B-2 Subseries B Shares and the filing of Enabling Resolutions/Directors' Certificate with the Securities and Exchange Commission for the Preferred B-2 Subseries B Shares.
3. The offer for sale or subscription of up to 33 Million of its Preferred B-2 Subseries B Shares by way of private placement and offer to qualified buyers for an offer price of up to One US Dollar (\$1.00) per share, and the listing of such shares with the Philippine Stock Exchange.

On September 1, 2020, the Corporation disclosed that in its Special Meeting, the Board of Directors approved the following:

1. The designation of Subseries of Preferred B-2 Shares Consisting of 33 Million Unissued Existing Preferred B-2 Shares to be denominated as Preferred B-2 Subseries B Shares and to denominate the Preferred B-2 shares issued in 2017 consisting of 67 Million Preferred B2 Shares as Preferred B-2 Subseries A Shares.
2. Approval of the Terms and Conditions of the Preferred B-2 Subseries B Shares and the filing of Enabling Resolutions/Directors' Certificate with the Securities and Exchange Commission for the Preferred B-2 Subseries B Shares.
3. The offer for sale or subscription of up to 33 Million of its Preferred B-2 Subseries B Shares by way of private placement and offer to qualified buyers for an offer price of up to One US Dollar (\$1.00) per share, and the listing of such shares with the Philippine Stock Exchange.

On October 7, 2020, the SEC issued the Certificate of Filing of Enabling Resolution approving the Corporation's Enabling Resolutions designating the subseries of Preferred B-2 Shares, namely: Preferred B2 Subseries A and Preferred B2 Subseries B, and to allocate the 200,000,000 Preferred B-2 Shares as follows: (i) 67,000,000 Preferred B-2 Subseries A Shares, and (ii) 33,000,000 Preferred B-2 Subseries B Shares, and the balance of 100,000,000 Preferred B-2 Shares shall be designated by the Board in subseries at a future date.

The Board of Directors, in its special meeting held on November 10, 2020, approved the subscription by Camerton, Inc. of up to 33,000,000 Preferred B2 Subseries B Shares of the Company at the subscription price of One US Dollar (\$1.00) per share.

The Board of Directors of TECH, in its special meeting held on December 2, 2020, approved the setting of the Dividend Rate of the Preferred B-2 Subseries B Shares to 6% per annum.

On December 21, 2020, the execution of the Subscription Agreement between TECH and Camerton, Inc. for the issuance of a total of ₱20,000,000,000 Preferred B-2 Subseries B Shares.

Preferred Shares Offering

The Board of Directors of Parent Company, in its special meeting held on November 5, 2021, approved the following:

1. Approval of the allocation of additional Preferred Class B-2 Subseries C and D Shares

In line with the approved offering by way of primary offer of up to 70,000,000 cumulative, non-participating, non-voting, non-convertible, perpetual and redeemable peso-denominated Preferred Class B-2 shares with par value of Php 1.00 per share at an offer price of ₱50.00 per share, the Board approved the further allocation of the authorized and unissued Preferred Class B-2 Shares of Parent Company as follows: (i) up to 10,000,000 Preferred Class B-2 Subseries B Shares as Preferred Class B-2 Subseries C Shares; and (ii) up to 30,000,000 Preferred Class B-2 Shares as Preferred Class B-2 Subseries D Shares, bringing the total number of unissued and outstanding Preferred Class B-2 Subseries C Shares is up to 60,000,000 and the total number of unissued and outstanding Preferred Class B-2 Subseries D Shares is up to 50,000,000.

The Parent Company also clarified that the allocation of the up to 60,000,000 Preferred Class B-2 Subseries C Shares is not only as part of the Base Offer of 50,000,000 Preferred Class B-2 Shares but also in the event of oversubscription and that the allocation of up to 50,000,000 Preferred Class B-2 Subseries D Shares is not only in the event of oversubscription but as part of the Base Offer.

2. Approval of the updated terms and conditions of the Preferred Class B-2 Subseries C and D Shares

The Board approved the updated terms and conditions of the Preferred Class B-2 Subseries C and D Shares as set forth in PNB Capital and Investment Corporation's latest Indicative Term Sheet as of November 3, 2021.

3. Approval and clarification of the offering and listing of the Preferred Class B-2 Subseries C and D Shares

The Board approved and clarified its authority to offer for sale or subscription up to ₱2,500,000,000 or \$50,000,000 in aggregate issue value, consisting of up to 50,000,000 Preferred Class B-2 Shares, composed of Preferred Class B-2 Subseries C and/or D Shares (the "Base Offer Shares"), by way of private placement, offer to qualified buyers and/or public offering at an offer price of ₱50.00 per share and that in the event of oversubscription, PNB Capital, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, in consultation with the Corporation, has the right (but not the obligation) to offer up to an additional 20,000,000 Preferred Class B-2 Shares, composed of Preferred Class B-2 Subseries C and/or D Shares (the "Oversubscription Shares"), equivalent to an additional aggregate issue value of up to ₱1,000,000,000 or \$20,000,000 at an offer price of ₱50.00 per share.

The Board also reiterated and clarified its authority to register the Base Offer Shares and/or Oversubscription Shares with the SEC and list the same in The Philippine Stock Exchange, Inc. ("PSE"), subject to compliance with SEC regulations and PSE listing rules.

On November 24, 2021, the SEC issued Order of Registration and Certificate of Permit to Sell in relation to the Company's registration of follow-on offering of 30,000,000 Preferred Class B-2 Shares (the "Base Offer Shares") with an over-subscription option of up to 20,000,000 Preferred Class B-2 Shares at an offer price of ₱50.00 per Preferred Class B-2 Shares and to be offered as either Subseries "C" or "D" (the "Offer").

The offer period will run from November 25, 2021 to December 3, 2021 with target issue date and listing date at the PSE on December 14, 2021.

31.03 Retained Earnings

The Group's BOD has declared the following dividends to its equity holders:

2025 Dividend Declaration

The Board of Directors of TECH, in its regular meeting held on January 20, 2025, approved the following:

Declaration of cash dividends of the following shares:

a. Preferred A Shares (Unlisted)

Declaration of cash dividend of USD 0.000012196 per share for each of the 700,000,000 issued and outstanding Preferred A Shares amounting to an aggregate sum of USD 8,537, for payment and distribution on March 8, 2025 to shareholders of record as of February 21, 2025. The cash dividend shall be paid in Philippine Pesos at the Bangko Sentral ng Pilipinas ("BSP") exchange rate one day prior to payment date.

b. Preferred B-1 Shares (Unlisted)

Declaration of cash dividend of ₱0.06125 per share for each of the 70,000,000 issued and outstanding Preferred B-1 Shares amounting to an aggregate sum of ₱4,287,500 for payment and distribution on March 8, 2025 to shareholders of record as of February 21, 2025.

c. Preferred B-2 Subseries A Shares ("Preferred B-2A shares")

Declaration of cash dividend of USD 0.0228125 per share for each of the 67,000,000 outstanding and issued Preferred B-2A shares amounting to an aggregate sum of USD 1,528,438, for each dividend period.

The schedule of the payment and distribution of the cash dividends of Preferred B-2A shares shall be made to the entitled shareholders on the following dates:

- i. March 10, 2025 to shareholders of record as of February 21, 2025;
- ii. June 9, 2025 to shareholders of record as of May 23, 2025;
- iii. September 8, 2025 shareholders of record as of August 22, 2025; and
- iv. December 9, 2025 shareholders of record as of November 24, 2025.

d. Preferred B-2 Subseries A Shares ("Preferred B-2A shares")

Declaration of cash dividend of USD 0.0228125 per share for each of the 67,000,000 outstanding and issued Preferred B-2A shares amounting to an aggregate sum of USD 1,528,438, for each dividend period.

The schedule of the payment and distribution of the cash dividends of Preferred B-2A shares shall be made to the entitled shareholders on the following dates:

- i. March 10, 2025 to shareholders of record as of February 21, 2025;
 - ii. June 9, 2025 to shareholders of record as of May 23, 2025;
 - iii. September 8, 2025 shareholders of record as of August 22, 2025; and
 - iv. December 9, 2025 shareholders of record as of November 24, 2025.
- e. Preferred B-2 Subseries B Shares ("Preferred B-2B shares")

Declaration of cash dividend of USD 0.025 per share for each of the 20,000,000 outstanding and issued Preferred B-2B shares amounting to an aggregate sum of USD 500,000, for each dividend period.

The schedule of the payment and distribution of the cash dividends of Preferred B-2B shares shall be made to the entitled shareholders on the following dates:

 - i. March 18, 2025 to shareholders of record as of March 3, 2025;
 - ii. June 18, 2025 to shareholders of record as of June 3, 2025;
 - iii. September 18, 2025 shareholders of record as of September 3, 2025; and
 - iv. December 18, 2025 shareholders of record as of December 3, 2025.
- f. Preferred B-2 Subseries C Shares and Preferred B-2 Subseries D Shares ("Preferred B-2C and Preferred B-2D shares")

Declaration of cash dividend of ₱1.7678125 per share for each of 16,936,400 outstanding and issued Preferred B-2 Subseries C Shares amounting to an aggregate sum of ₱29,940,380 and declaration of cash dividend of ₱0.968825 per share for each of the 28,625,500 outstanding and issued Preferred B-2 Subseries D Shares amounting to an aggregate sum of ₱27,733,100, for each dividend period.

The schedule of the payment and distribution of the cash dividends for each of Preferred B-2C and Preferred B-2D shares shall be made to the entitled shareholders on the following dates:

 - i. March 14, 2025 to shareholders of record as of February 27, 2025;
 - ii. June 16, 2025 to shareholders of record as of May 30, 2025;
 - iii. September 15, 2025 shareholders of record as of August 30, 2025; and
 - iv. December 15, 2025 shareholders of record as of November 28, 2025.

Suspension of Payment of Dividend Declared for 2025

In relation to the previous resolutions of the Board of Directors of TECH last January 20, 2025 approving the declaration of cash dividends for all the preferred shares of the Corporation, specifically Preferred A Shares (Unlisted), Preferred B-1 Shares (Unlisted), Preferred B-2 Subseries A Shares ("TCB2A"), Preferred B-2 Subseries B Shares ("TCB2B"), Preferred B-2 Subseries C Shares ("TCB2C"), and Preferred B-2 Subseries D Shares ("TCB2D") (collectively herein referred to as the "Preferred Shares"), to be distributed on their respective distribution dates in accordance with its respective Prospectuses, the Board of Directors of TECH, in its special meeting held on March 7, 2025, upon recommendation of management, approved the suspension of payment of the declared cash dividends until further notice for all TECH's Preferred Shares as part of the Company's strategy to manage liquidity and to preserve its resources to ensure long-term sustainability of its business.

Nonetheless, the Corporation maintains its commitment to fulfilling its obligations to pay its shareholders in accordance with the terms set out in the Prospectuses of the shares. This includes payment of all dividends due on all Preferred Shares of the Corporation, and payment of all arrears of dividends outstanding by reason of the suspension, on future dates to be set by the Corporation.

2024 Dividend Declarations

Date of Payment	Date of Record	Dividend per share	Shares outstanding	Total Dividends
March 8, 2024				
Preferred B-2	March 8, 2024	\$ 0.022812454	67,000,000	\$ 1,528,434
Preferred B-2B	March 18, 2024	0.025000000	20,000,000	500,000
Preferred B-2C	March 14, 2024	0.014628383	16,936,400	247,752
Preferred B-2D	March 14, 2024	0.017214069	28,625,500	492,761
June 8, 2024				
Preferred B-2	June 10, 2024	\$ 0.022812454	67,000,000	1,528,434
Preferred B-2B	June 18, 2024	0.025000000	20,000,000	500,000
Preferred B-2C	June 14, 2024	0.014628383	16,936,400	236,864
Preferred B-2D	June 14, 2024	0.017214069	28,625,500	471,109
September 8, 2024				
Preferred B-2	September 10, 2024	\$ 0.022812454	67,000,000	1,528,434
Preferred B-2B	September 18, 2024	0.025000000	20,000,000	500,000
Preferred B-2C	September 14, 2024	0.014730167	16,936,400	249,476
Preferred B-2D	September 14, 2024	0.017333881	28,625,500	496,191
December 8, 2024				
Preferred B-2	December 09, 2024	\$ 0.022812454	67,000,000	1,528,434
Preferred B-2B	December 18, 2024	0.025000000	20,000,000	500,000
Preferred B-2C	December 16, 2024	0.014191387	16,936,400	240,351
Preferred B-2D	December 16, 2024	0.016699866	28,625,500	478,042
				\$ 11,026,282

2023 Dividend Declarations

Date of Payment	Date of Record	Dividend per share	Shares outstanding	Total Dividends
March 8, 2023				
Preferred B-2	March 8, 2023	\$ 0.022812463	67,000,000	\$ 1,528,435
Preferred B-2B	March 20, 2023	0.015000000	20,000,000	300,000
Preferred B-2C	March 14, 2023	0.018249640	16,936,400	309,083
Preferred B-2D	March 14, 2023	0.018249640	28,625,500	522,405
June 8, 2023				
Preferred B-2	June 8, 2023	\$ 0.022812463	67,000,000	1,528,435
Preferred B-2B	June 19, 2023	0.015000000	20,000,000	300,000
Preferred B-2C	June 14, 2023	0.018062931	16,936,400	305,921
Preferred B-2D	June 14, 2023	0.018062931	28,625,500	517,060
September 8, 2023				
Preferred B-2	September 8, 2023	\$ 0.022812454	67,000,000	1,528,435
Preferred B-2B	September 18, 2023	0.025000000	20,000,000	500,000
Preferred B-2C	September 14, 2023	0.017555856	16,936,400	297,333
Preferred B-2D	September 14, 2023	0.017555872	28,625,500	502,546
December 9, 2023				
Preferred B-2	December 11, 2023	\$ 0.022812454	67,000,000	1,528,434
Preferred B-2B	December 18, 2023	0.025000000	20,000,000	500,000
Preferred B-2C	December 14, 2023	0.017996293	16,936,400	304,792
Preferred B-2D	December 14, 2023	0.017996293	28,625,500	515,153
				\$ 10,988,032

In 2025, 2024 and 2023, amounts of dividends declared were nil, \$11,026,282, and \$10,988,032, respectively.

In 2025, 2024 and 2023, cash dividends paid amounted to nil, \$11,026,282, and \$11,114,987, respectively.

Retained earnings are further restricted for the payment of dividends to the extent of unrealized foreign exchange gains except those attributable to cash, net fair value gain on investment properties, deferred income tax assets recognized that reduced the income tax expense and increased net income and retained earnings, and other unrealized gains or adjustments as of December 31, 2025 and 2024.

32. NON-CASH TRANSACTIONS

The Group entered into the following non-cash investing and financing activities which are not reflected in the statements of cash flows:

- In 2024, the Group sold some property and equipment on account with carrying amount of \$250,692 for consideration of \$159,149, as disclosed in Note 8, which resulted to a loss of \$91,543, as disclosed in Note 12.

33. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities is as follows:

	2025	2024
Beginning balance, January 1	\$ 32,700,723	\$ 43,951,065
Changes from financing cash flows		
Proceeds from short-term loans	4,085,583	2,585,583
Finance cost from loans	2,581,724	2,780,388
Advances received from a related party	2,000,000	-
Finance cost from lease liabilities	4,210	4,626
Dividends declared	-	11,026,282
Availment of long-term loans	-	2,000,000
Payment of cash dividends	-	(11,026,282)
Finance cost paid	(4,210)	(4,626)
Effect of foreign exchange on loans	(54,549)	(83,366)
Payments of lease liabilities	(15,700)	(123,527)
Finance costs paid	(2,644,781)	(2,914,222)
Payment of long-term loans	(5,753,013)	(8,717,330)
Payment of short-term loans	(5,087,593)	(6,777,868)
Ending balance, December 31	\$ 27,812,394	\$ 32,700,723

34. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 5, 2026.



REPORT ON THE SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
116 East Main Avenue Phase V-SEZ
Laguna Technopark, Biñan, Laguna

We have issued our report dated May 5, 2026 on the basic consolidated financial statements of **CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES** as of and for the year ended December 31, 2025. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of **CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES** as a whole. The information in the index to the consolidated financial statements and the supplementary schedules for the year ended December 31, 2025, which is not a required part of the consolidated financial statements, is required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**. The information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300
Valid until November 19, 2026
SEC Group A Accreditation No. 0300-SEC
Valid until 2024 audit period (extended until 2025 audit period)
BSP Group B Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2026
Valid from February 2, 2026 until February 1, 2029
IC Group A Accreditation No. 0300-IC
Valid until 2026 audit period
CDA CEA No. 013 - AF
Valid from August 28, 2025 to August 27, 2030

ROSE ANGELI S. BERNALDO

Managing Partner
CPA Certificate No. 114127
BOA/PRC No. 0300/P-006
Valid until November 19, 2026
SEC Group A Accreditation No. 114127-SEC
Valid until 2027 audit period
BSP Group B Accreditation No. 114127-BSP
Valid until 2025 audit period
BIR Accreditation No. 08-007679-001-2023
Valid from October 20, 2023 until October 19, 2026
Tax Identification No. 211-870-290
IC Group A Accreditation No. IC-EA-2025-0033-N
Valid until 2027 audit period
CDA CEA No. 1940
Valid from November 20, 2024 to November 19, 2029
PTR No. 10780860
Issued on January 20, 2026 at Makati City

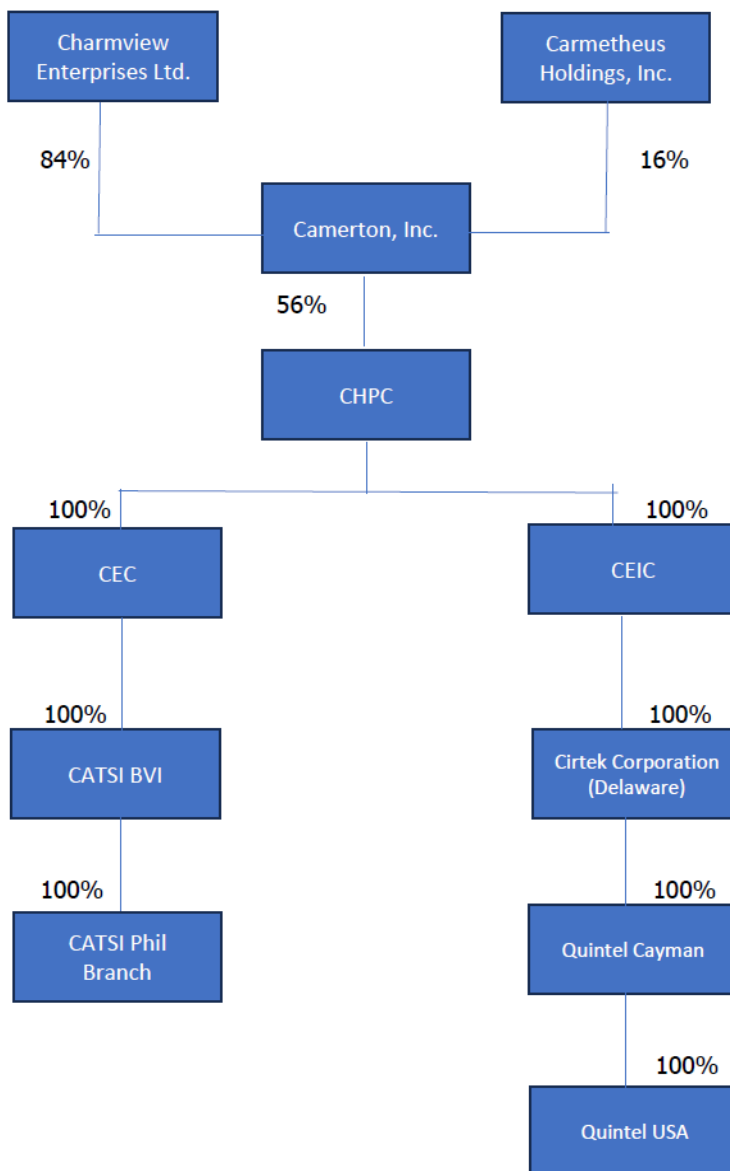
May 5, 2026

BOA/PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Group A Accredited

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

Schedule	Contents
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I	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsiaries
II	Reconciliation of Retained Earnings Available for Dividend Declaration
III	Financial Soundness Indicators
IV	External Auditor Fee-Related Information
<i>Supplementary Schedules</i>	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Intangible Assets - Other Assets
E	Long-Term Debt
F	Indebtedness to Related Parties
G	Guarantees of Securities of Other Issuers
H	Gross and Net Proceeds by a Listed Company with recent Offering of Securities (COMMERCIAL PAPER)
I	Capital Stock

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SCHEDULE I - MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG
THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT AND CO-SUBSIDIARIES
 December 31, 2025



CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SCHEDULE I - RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2025

Unappropriated Retained Earnings, beginning of reporting period (see Footnote 2)	11,306,042
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation/s	-
Effect of restatements of prior-period adjustments	-
Others (describe nature)	-
Sub-total	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	-
Retained Earnings appropriated during the reporting period	-
Effect of restatements of prior-period adjustments	-
Others (describe nature)	-
Sub-total	-
Unappropriated Retained Earnings, as adjusted	11,306,042
Add/Less: Net Income (Loss) for the current year	(2,386,634)
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	54,549
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Unrealized fair value gain of investment property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Sub-total	54,549
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents but realized in the current reporting period (net of tax)	83,366
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized fair value gain of investment property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Sub-total	83,366
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of Investment Property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted Net Income/Loss	8,948,225
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Sub-total	-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-
Add/Less: Category E: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Sub-total	-
Total Retained Earnings, end of the reporting period available for dividend	8,948,225

FOOTNOTES

(1) The amount of retained earnings of a company should be based on its separate ("stand-alone") audited financial statements.

(2) Unappropriated Retained Earnings, beginning of reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.

(3) Adjustments related to the relief provided by the SEC and BSP pertain to accounting relief (e.g. losses that are reported on a staggered basis) granted by the regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.

(4) This Reconciliation of Retained Earnings Available for Dividend Declaration in pursuant to Sec. 42 of the Revised Corporation Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and Implementing Rules and Regulations.

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS

December 31, 2025 and 2024

Ratios	Formula	DECEMBER 31, 2025	December 31, 2024
(i) Current Ratio	Current Assets/Current Liabilities	2.92	2.58
(ii) Debt/Equity Ratio	Bank Debts/Total Equity	0.12	0.21
(iii) Net Debt/Equity Ratio	Bank Debts less Cash & Equivalents/Total Equity	0.07	0.14
(iii) Assets to Equity Ratio	Total Assets/Total Equity	1.22	1.27
(iv) Interest Cover Ratio	EBITDA / Interest Expense	4.71	3.04
(v) Profitability Ratio			
GP Margin	Gross Profit/Revenues	0.24	0.32
Net Profit Margin	Net Income/Revenues	0.04	0.09
EBITDA Margin	EBITDA Revenues	0.23	0.14
Return on Assets	Net Income/Total Assets	0.01	0.02
Return on Equity	Net Income/Total Equity	0.01	0.02

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SCHEDULE IV - EXTERNAL AUDITOR FEE-RELATED INFORMATION

For the Years Ended December 31, 2025 and 2024

(In Philippine Peso)

	2025	2024
Total Audit Fees (Section 2.1 a)	2,251,340	2,213,340
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	40,000	40,000
Total Non-audit Fees (Section 2.1 b)	40,000	40,000
TOTAL AUDIT AND NON-AUDIT FEES	2,291,340	2,253,340

Audit and Non-audit fees of other related entities (Section 2.1c)

	2025	2024
Audit fees	-	-
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
TOTAL AUDIT AND NON-AUDIT FEES OF OTHER RELATED ENTITIES	-	-

Section 2.1a: Disclose agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network firms (as applicable) for the audit of the covered company's standalone and/or consolidated financial statements and the covered company's consolidated subsidiaries' financial statements on which the external auditor/audit firm expresses an opinion. These do not include fees for special purpose audit or review of financial statements.

Section 2.1b: Disclose charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor/audit firm or a network firm (as applicable) for non-audit services to the covered company and its related entities over which the covered company has direct or indirect control that are consolidated in the financial statements on which the external auditor/audit firm expresses an opinion. These include other assurance services such as special purpose audit or review of financial statements.

Section 2.1c: Disclose fees for services (excluding out of pocket expenses and VAT) charged to any related entities of the covered company over which the covered company has direct or indirect control, which are not yet disclosed in (a) or (b), such as fees for services to any unconsolidated subsidiaries that meet the consolidation exemption criteria of Philippine Financial Reporting Standard (PFRS) 10 applicable to investment entities, if the external auditor/audit firm has reason to believe that these are relevant to the evaluation of the external auditor/audit firm's independence, as communicated by the external auditor/audit firm with the covered company's Those Charged with Governance or equivalent (e.g., Audit Committee).

Section 2.1d: As applicable, disclose any fee dependency situation or (a) the fact that the total fees received by the external auditor/audit firm from the covered company represent, or are likely to represent, more than 15% of the total fees received by the external auditor/audit firm for two consecutive years and (b) the year that this situation first arose, as communicated by the external auditor/audit firm with the covered company's Those Charged with Governance or equivalent (e.g., Audit Committee).

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

	Name of issuing entity and association of each issue	Amount shown on the balance sheet	Value based on market quotations at end of reporting period	Income received or accrued
Cash and cash equivalents	N/A	\$ 10,542,000	\$ 10,542,000	\$ 2,982
Trade and other receivables	N/A	36,041,122	36,041,122	
Amounts owed by related parties	N/A	183,691	183,691	
Other current assets:			-	
Loans to employees	N/A	244,517	244,517	
Security deposits	N/A	45,818	45,818	
Other financial assets at amortized cost	N/A	410,196	410,196	12,472
Other noncurrent assets:			-	
Rental deposits	N/A	1,071,863	1,071,863	
Miscellaneous deposits	N/A	157,074	157,074	
		\$ 48,696,281	\$ 48,696,281	\$ 15,454

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS,
OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)**

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Written-off /Reclassification	Current	Non-Current	Balance at end of period
Related parties under common control							
Cayon Holdings, Inc	\$ 186,148		\$ (2,457)		\$ 183,691		\$ 183,691
TOTAL	\$ 186,148	\$ -	\$ (2,457)	\$ -	\$ 183,691		\$ 183,691

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

Receivables from related parties which are eliminated during the consolidation
(under Trade and Other Receivables)

Name and designation of debtor	Balance at beginning of period	Additions	Amount Collected	Amounts written off	Current
Quintel USA	\$ 1,915,702	\$ 155,287	\$ (1,164,460)		\$ 906,529

Amounts owed by related parties which are eliminated during the consolidation

Name and designation of debtor	Balance at beginning of period	Additions	Amount Collected	Amounts written off	Current
CHPC					
CEC	\$ 12,904,297	\$ -	\$ (1,077,020)		\$ 11,827,277
CEIC	75,237,938		-		75,237,938
CATS	24,799,021	-	(1,340,000)		23,459,021
RBWPI	212,371				212,371
Quintel	14,049,126		(13,581)		14,035,545
Total	\$ 127,202,753	\$ -	\$ (2,430,601)	\$ -	\$ 124,772,152
CEC					
CATSI	\$ 1,055,373	\$ 917,559			\$ 1,972,932
Total	\$ 1,055,373	\$ 917,559	\$ -	\$ -	\$ 1,972,932
CEIC					
CEC	\$ 29,615,286	\$ 421,434			\$ 30,036,720
CATS	2,508,521	493,551.00			3,002,072
Quintel	82,478,692				82,478,692
Total	\$ 114,602,498	\$ 914,985	\$ -	\$ -	\$ 115,517,483
RBW					
CATS	\$ 4,889,453		\$ (1,104)		\$ 4,888,349
Total	\$ 4,889,453	\$ -	\$ (1,104)	\$ -	\$ 4,888,349
TOTAL	\$ 247,750,078	\$ 1,832,544	\$ (2,431,705)	\$ -	\$ 247,150,917

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

Intangibles Assets- Other Assets						
Description	Beginning Balance	Additions at Cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance
Goodwill	\$ 55,541,157	\$ -	\$ -	\$ -	\$ -	\$ 55,541,157
Product development costs	7,533,857	1,879,944	(2,330,736)			7,083,065
Customer relationship	23,736,500					23,736,500
Trademark	7,472,800					7,472,800
Total	\$ 94,284,314	\$ 1,879,944	(2,330,736)	\$ -	\$ -	\$ 93,833,522

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT****AS OF DECEMBER 31, 2025**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Note Facility Agreement	\$ 40,000,000	\$ 15,000,000	\$ -
KEB Hanah Bank	4,499,073	1,068,209	-
First Commercial Bank	2,000,000	-	1,333,333
		\$ 16,068,209	\$ 1,333,333

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
LONG -TERM LOANS FROM RELATED COMPANIES
AS OF DECEMBER 31, 2025

Name of Related Parties	Balance at beginning of period	Balance at end of period
Not Applicable		

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
AS OF DECEMBER 31, 2025

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of guarantee
Not Applicable				

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES**SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK**

AS OF DECEMBER 31, 2025

Capital Stock

TITLE OF ISSUE	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	1,200,000,000	668,505,825	-	110,260,791	9	558,245,025
Preferred A shares	700,000,000	700,000,000	-	70,000,000	-	630,000,000
Preferred B-1 shares	70,000,000	70,000,000	-	70,000,000	-	-
Preferred B-2 shares	430,000,000	132,561,900	-	-	-	132,561,900
	2,400,000,000	1,571,067,725	-	250,260,791	9	1,320,806,925