

# HCL TECHNOLOGIES PHILIPPINES, INC.

**FINANCIAL STATEMENTS**  
**March 31, 2025 and 2024**

With Independent Auditors' Report

# R.G. Manabat & Co.



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## REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors  
**HCL Technologies Philippines, Inc.**  
Net Cube Center, 3<sup>rd</sup> Avenue corner 30<sup>th</sup> Street  
E-Square Zone, Bonifacio Global City  
Taguig City

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of HCL Technologies Philippines, Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2025 and 2024, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, including material accounting policies and other explanatory information.

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

#### *Basis for Opinion*

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

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until September 20, 2026  
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025  
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

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

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

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

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

## *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## **Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 19 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## **R.G. MANABAT & CO.**



ALICIA S. COLUMBRES

Partner

CPA License No. 069679

SEC Accreditation No. 69679-SEC, Group A, valid for five (5) years  
covering the audit of 2022 to 2026 financial statements

Tax Identification No. 120-964-156

BIR Accreditation No. 08-001987-027-2023

Issued May 25, 2023; valid until May 25, 2026

PTR No. MKT 10467170

Issued January 2, 2025 at Makati City

July 10, 2025

Makati City, Metro Manila

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## REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Stockholders and Board of Directors  
**HCL Technologies Philippines, Inc.**  
Net Cube Center, 3<sup>rd</sup> Avenue corner 30<sup>th</sup> Street  
E-Square Zone, Bonifacio Global City  
Taguig City

We have audited the accompanying financial statements of HCL Technologies Philippines, Inc. (the "Company") as at and for the year ended March 31, 2025, on which we have rendered our report dated July 10, 2025.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

### R.G. MANABAT & CO.

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ALICIA S. COLUMBRES

Partner

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BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

**HCL TECHNOLOGIES PHILIPPINES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

<b>March 31</b>			
	<b>Note</b>	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash in banks	17	<b>P227,665,125</b>	P264,487,404
Short-term investments	4	<b>315,573,500</b>	197,120,000
Trade and other receivables - net	5, 11, 17	<b>1,277,439,425</b>	1,353,508,254
Prepayments and other current assets	6	<b>310,213,737</b>	125,498,423
<b>Total Current Assets</b>		<b>2,130,891,787</b>	1,940,614,081
<b>Noncurrent Assets</b>			
Property and equipment - net	7	<b>344,142,289</b>	274,753,268
Right-of-use assets - net	15	<b>536,290,275</b>	454,966,889
Deferred income tax assets - net	12	<b>13,270,255</b>	69,454,332
Other noncurrent assets	8	<b>131,726,139</b>	107,971,100
<b>Total Noncurrent Assets</b>		<b>1,025,428,958</b>	907,145,589
		<b>P3,156,320,745</b>	P2,847,759,670
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	9, 11, 17	<b>P633,632,324</b>	P699,201,749
Income tax payable	2, 12	<b>-</b>	55,657,797
Lease liabilities - current portion	15, 17	<b>173,882,146</b>	156,947,506
<b>Total Current Liabilities</b>		<b>807,514,470</b>	911,807,052
<b>Noncurrent Liabilities</b>			
Unearned revenue	13	<b>288,848</b>	20,483,947
Lease liabilities - noncurrent portion	15, 17	<b>363,922,224</b>	308,292,565
Retirement benefits liability	16	<b>10,623,648</b>	9,773,120
Other non-current liabilities	9	<b>92,036,435</b>	70,383,322
<b>Total Noncurrent Liabilities</b>		<b>466,871,155</b>	408,932,954
<b>Total Liabilities</b>		<b>1,274,385,625</b>	1,320,740,006
<b>Equity</b>			
Capital stock	10	<b>271,684,300</b>	271,684,300
Additional paid-in capital		<b>86,405</b>	86,405
Retained earnings	10	<b>1,588,736,704</b>	1,236,276,253
Remeasurement gain on retirement benefits	16	<b>21,427,711</b>	18,972,706
<b>Total Equity</b>		<b>1,881,935,120</b>	1,527,019,664
		<b>P3,156,320,745</b>	P2,847,759,670

*See Notes to the Financial Statements.*

**HCL TECHNOLOGIES PHILIPPINES, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**

		<b>Years Ended March 31</b>	
	<b>Note</b>	<b>2025</b>	<b>2024</b>
<b>REVENUES</b>	13	<b>P5,505,563,771</b>	P3,529,412,729
<b>COST OF SERVICES</b>	14	<b>4,847,578,500</b>	3,133,651,761
<b>GROSS PROFIT</b>		<b>657,985,271</b>	395,760,968
<b>EXPENSES</b>			
Salaries and other benefits		<b>115,977,590</b>	107,256,976
Legal and professional fees		<b>42,392,345</b>	28,550,682
Gifts and presentations		<b>8,759,286</b>	1,330,297
Repairs and maintenance		<b>7,734,773</b>	1,925,772
Other taxes and licenses		<b>6,310,576</b>	-
Conference and meeting		<b>4,608,389</b>	2,894,596
Provision (reversal) for expected credit losses	5	<b>1,213,684</b>	(3,648,229)
Travel		<b>1,671,962</b>	1,813,481
Impairment losses on other current asset	6	<b>1,405,589</b>	4,279,659
Others		<b>15,489,061</b>	6,333,967
		<b>205,563,255</b>	150,737,201
		<b>452,422,016</b>	245,023,767
<b>OTHER INCOME (CHARGES) - Net</b>			
Interest income	4	<b>23,537,518</b>	13,395,413
Gain (loss) on sale/retirement of property and equipment - net	7	<b>11,962,427</b>	(228,034)
Foreign exchange gain - net		<b>9,578,809</b>	33,932,944
Interest expense on lease liabilities	15	<b>(44,658,683)</b>	(31,529,416)
		<b>420,071</b>	15,570,907
<b>INCOME BEFORE INCOME TAX</b>		<b>452,842,087</b>	260,594,674
<b>PROVISION FOR INCOME TAX</b>			
Current		<b>41,308,425</b>	29,791,610
Deferred		<b>59,062,743</b>	(55,116,979)
	12	<b>100,371,168</b>	(25,325,369)
<b>NET INCOME</b>		<b>352,470,919</b>	285,920,043
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in the subsequent periods</i>			
Remeasurement gain (loss) on retirement benefit - net	16	<b>2,455,001</b>	(5,252,290)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P354,925,920</b>	P280,667,753

See Notes to the Financial Statements.

**HCL TECHNOLOGIES PHILIPPINES, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**

**Years Ended March 31**

	<b>Capital Stock</b> (Note 10)	<b>Additional Paid-in Capital</b>	<b>Share-based Compensation Reserve</b>	<b>Remeasurement Gain (Loss) on Retirement Benefit</b> (Note 16)	<b>Retained Earnings</b> (Note 10)	<b>Total</b>
Balances at March 31, 2023	P271,684,300	P86,405	P -	P24,224,996	P950,356,210	P1,246,351,911
Net income for the year	-	-	-	-	285,920,043	285,920,043
Other comprehensive loss	-	-	-	(5,252,290)	-	(5,252,290)
Total comprehensive income (loss) for the year	-	-	-	(5,252,290)	285,920,043	280,667,753
Balances at March 31, 2024	271,684,300	86,405	-	18,972,706	1,236,276,253	1,527,019,664
Net income for the year	-	-	-	-	<b>352,470,919</b>	<b>352,470,919</b>
Other comprehensive income	-	-	-	<b>2,455,001</b>	-	<b>2,455,001</b>
Total comprehensive income for the year	-	-	-	<b>2,455,001</b>	<b>352,470,919</b>	<b>354,925,920</b>
<b>Transactions Directly Recorded in Equity</b>						
Share base compensation	-	-	(10,464)	-	-	(10,464)
<b>Balances at March 31, 2025</b>	<b>P271,684,300</b>	<b>P86,405</b>	<b>(P10,464)</b>	<b>P21,427,707</b>	<b>P1,588,747,172</b>	<b>P1,881,935,120</b>

*See Notes to the Financial Statements.*



**HCL TECHNOLOGIES PHILIPPINES, INC.**  
**STATEMENTS OF CASH FLOWS**

		<b>Years Ended March 31</b>	
	<b>Note</b>	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		<b>P452,842,087</b>	P260,594,674
Adjustments for:			
Amortization on right-of-use asset	14, 15	<b>219,749,024</b>	195,323,204
Depreciation and amortization expense	7, 14	<b>105,729,430</b>	86,339,901
Retirement benefit costs	16	<b>77,317,303</b>	29,493,025
Interest expense on lease liabilities	15	<b>44,658,683</b>	31,529,416
Provision (reversal) for expected credit losses	5	<b>4,273,344</b>	(3,166,697)
Impairment losses on other current asset	6	<b>1,405,589</b>	4,279,659
Unrealized foreign exchange gain - net		<b>(2,844,435)</b>	(2,323,978)
Write-back of receivables	5	<b>(3,059,660)</b>	(481,532)
Loss (gain) on sale/retirement of property and equipment - net	7	<b>(11,962,427)</b>	228,034
Interest income	4, 6, 17	<b>(23,537,518)</b>	(13,395,413)
Operating income before working capital changes		<b>864,571,420</b>	588,420,293
Decrease (increase) in:			
Trade and other receivables		<b>76,188,739</b>	(373,719,863)
Prepayments and other current assets		<b>(186,525,013)</b>	(4,341,451)
Increase (decrease) in:			
Other non-current liabilities		<b>21,653,112</b>	23,423,583
Accounts payable and other current liabilities		<b>(85,492,566)</b>	288,303,368
Net cash flows provided by operations		<b>690,395,692</b>	522,085,930
Interest received	4, 6, 17	<b>23,537,518</b>	13,395,413
Taxes paid	12	<b>(102,920,937)</b>	(74,661,006)
Contribution paid	16	<b>(77,486,920)</b>	(29,746,731)
Net cash provided by operating activities		<b>533,525,353</b>	431,073,606
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property and equipment	7	<b>17,889,199</b>	-
Refundable deposits and other noncurrent assets		<b>(23,932,517)</b>	3,653,037
Short term investments		<b>(116,486,500)</b>	(196,910,000)
Purchase of property and equipment	7	<b>(181,001,041)</b>	(167,492,921)
Net cash flows used in investing activities		<b>(303,530,859)</b>	(360,749,884)
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>			
Payment of lease liabilities including interest	15	<b>(266,816,773)</b>	(201,120,555)
<b>NET DECREASE IN CASH IN BANKS</b>		<b>(36,822,279)</b>	(130,796,833)
<b>CASH IN BANKS AT BEGINNING OF YEAR</b>		<b>264,487,404</b>	395,284,237
<b>CASH IN BANKS AT END OF YEAR</b>		<b>P227,665,125</b>	P264,487,404

*See Notes to the Financial Statements.*

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**HCL TECHNOLOGIES PHILIPPINES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**1. Reporting Entity**

HCL Technologies Philippines, Inc. (the “Company”), a wholly owned subsidiary of HCL EAS Ltd. (the “Parent Company”), a company incorporated in and under the laws of United Kingdom, was registered with the Philippine Securities and Exchange Commission (SEC) on November 24, 2010. It was established to engage and specialize in the business of design, development, manufacture, maintenance, import, export, licensing and/or sub-licensing, as the case may be, of software and hardware owned or authorized by the Company, any of its affiliated, controlled or controlling companies, or third parties, necessary or related to rendering of information technology and software development, maintenance and consultancy services in Philippines and/or abroad, including, but not limited to, software-led information technology solutions, software as a service, cloud computing, remote infrastructure management, research and development services, business process outsourcing, network or data center management, client server services, and any and all allied activities and/or technological evolutions thereof. The Company’s ultimate parent company is HCL Technologies Limited, a company incorporated in India.

The Company’s registered office address is Net Cube Center, 3rd Avenue corner 30th Street, E-Square Zone, Bonifacio Global City, Taguig City.

The Company are registered with the Philippine Economic Zone Authority (PEZA) and the Board of investment (BOI) as follows:

Registration with the Philippine Economic Zone Authority (PEZA)

The Company registered three locations with the PEZA namely: Science Hub, Tower 3, Taguig City (5th Floor & 6<sup>th</sup> Floor) and Science Hub tower 4, Taguig City. Details are as follows:

*a. Science Hub, Tower 3, Taguig City (5<sup>th</sup> Floor)*

On November 10, 2023, Under Letter of Authority (LOA) No. 23-ERD-ARA/ITE-2580, the PEZA Director General approved the Company’s application for the registration of its operations in 5<sup>th</sup> Floor Science Hub Tower 3, Campus Avenue, Mckinley Hill, Taguig City. The Company shall not be entitled to a new and separate Income Tax Holiday (ITH) Incentive, but its incentives shall be co-terminus instead with the incentives of its registered activity with under original contract.

On August 9, 2024, the Supplemental Agreement of the Company with PEZA was signed and 5% GIT started on August 9, 2024.

*b. Science Hub, Tower 3, Taguig City (6<sup>th</sup> Floor)*

On March 22, 2013, the PEZA approved the Company’s application for the registration of its operations in 6<sup>th</sup> Floor Science Hub Tower 3, Campus Avenue, Mckinley Hill, Taguig City.

On December 27, 2022, the Supplemental Agreement of the Company with PEZA was signed which entitled the Company to 5% Gross Income Tax (GIT), in lieu of all national and local taxes and to other incentives provided under R.A. 7916, as amended and its implementing rules and regulations except ITH which took effect from the signing of the Supplemental Agreement.

c. *Science Hub, Tower 4, Taguig City (6<sup>th</sup> Floor)*

On January 13, 2015, the PEZA BOD approved the Company's application for the registration of its operations in 6<sup>th</sup> Floor Science Hub Tower 4, Campus Avenue, McKinley Hill, Taguig City. On January 18, 2016, the Company signed its Supplemental Agreement with PEZA for its operations in Science Hub Tower 4.

The Company is entitled to an ITH from the PEZA-approved date of Start of Commercial Operations (SCO) of March 2015. The Company ITH Validation completed thereby entitling HTPI four years ITH entitlement from March 2015 till 2019 and 5% GIT afterwards.

Registration with the Board of Investment (BOI)

The Company registered two locations with the BOI namely: One World Square (7<sup>th</sup> Floor) and Science Hub, Tower 3, Taguig City (7<sup>th</sup> Floor & 8<sup>th</sup> Floor)

a. *One World Square, Taguig City (7<sup>th</sup> Floor)*

On March 17, 2023, the Company received its certificate of registration from the BOI as an Export Market Enterprise engaged in Other Back Office Operations Activities n.e.c (New) Digital and Technical Support Services. In accordance with the registration, the Company shall start commercial operations in March 2023 or within three years from the date of registration. On May 15, 2023, the Company started its commercial operation at One World Square.

As a result of the registration, the Company shall be entitled of the following incentives:

- a) Income Tax Holiday (ITH) for six years
- b) After ITH, 5% GIT in lieu of all national and local taxes for ten years
- c) Duty exemption on importation of capital equipment, raw materials, spare parts and accessories for seventeen years
- d) VAT exemption on importation and VAT zero rating on local purchases for seventeen years.

b. *Science Hub Tower 3, Taguig City (7<sup>th</sup> and 8<sup>th</sup> Floor)*

On December 19, 2023, the Company received its certificate of registration from the BOI as an Export Market Enterprise engaged in Other Back Office Operations Activities n.e.c (Expansion) (Digital and Technical Support Services – Science Hub Tower 3, McKinley Hill Cyberpark) on its operations located on 7<sup>th</sup> and 8<sup>th</sup> Floor, Science Hub Tower 3, Campus Avenue. Cor. Turin St. McKinley Hill Cyberpark, Fort Bonifacio, Taguig City.

As a result of the registration, the Company shall be entitled of the following incentives:

- a) Income Tax Holiday (ITH) for three (3) years
- b) Special Corporate Income Tax for ten (10) years
- c) Duty exemption for seventeen years (17) years
- d) VAT exemption and zero rating for seventeen (17) years.

In accordance with the registration, the Company shall start its commercial operations in December 2023 or within three years from the date of registration. On March 1, 2024, the Company started its commercial operation at 7<sup>th</sup> & 8<sup>th</sup> Floor, Science Hub Tower 3, Campus Avenue. Cor. Turin St. McKinley Hill Cyberpark, Fort Bonifacio, Taguig City.

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## 2. Basis of Preparation

### Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards which are issued by the Philippine Financial Reporting Standards Council, consist of PFRS Accounting Standards, Philippine Accounting Standards (PASs), and Philippine Interpretations.

### Basis of Measurement

The financial statements have been prepared on a historical cost basis of accounting except for retirement benefits liability, which is recognized at the present value of the defined benefits obligation.

The accompanying financial statements of the Company were authorized for issue by the Board of Directors on July 10, 2025.

### Functional and Presentation Currency

These financial statements are presented in Philippine peso, which is the Company's functional currency and all values are rounded to the nearest peso, except when otherwise stated.

### Use of Judgments and Estimates

The preparation of the financial statements in conformity with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and amounts reported in the financial statements and accompanying notes. The estimates and associated assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

### Judgments

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

#### *Determination of Functional Currency*

The Company, based on relevant economic substance of the underlying circumstances, has determined its functional currency to be the Philippine Peso. It is the currency in the primary economic environment in which the Company operates and the currency that mainly drives its costs and expenses.

#### *Determination of Term and Discount Rate of Lease Arrangements*

Where the Company is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Company as lessee, management uses the incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

The Company normally considers in the assessment whether there are significant penalties to terminate, significant remaining value of leasehold improvements and historical lease durations, the costs and business disruption for replacing the leased asset, enforceability of the option, and business and other developments.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control. As at March 31, 2025 and 2024, the Company did not exercise any renewal options from its lease contracts.

#### *Adequacy of Tax Liabilities*

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accrual for tax liabilities is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

As at March 31, 2025 and 2024, the Company did not recognize any tax provision for prior years.

### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation and 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 are discussed below:

#### *Estimation of Impairment Losses on Receivables*

The Company uses the expected credit loss (ECL) model in estimating the level of allowance, which includes forecasts of future events and conditions. A credit loss is measured as the present value of all cash shortfalls (the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. The maturity of the Company's receivables is less than one year so the lifetime ECL and the 12-month ECL are similar. In addition, management assessed the credit risk of the receivables as at the reporting date as low, therefore the Company did not have to assess whether a significant increase in credit risk has occurred.

As at and for the years ended March 31, 2025 and 2024, allowance for impairment losses on receivables amounted to P21,763,923 and P17,490,579, respectively (see Note 5).

#### *Estimation of Impairment Losses on Nonfinancial Assets*

The Company assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of fair value less cost of disposal and value-in-use. The fair value less cost of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model which requires use of estimates of a suitable discount rate and expected future cash inflows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the assets belong.

As at and for the years ended March 31, 2025 and 2024, allowance for impairment losses deferred input VAT and other current asset amounted to P6,862,064 and P5,456,475, respectively (see Note 6).

#### *Estimation of Retirement Benefits Obligation and Costs*

The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Actual results that differ from the Company's assumptions are recognized directly in other comprehensive income. While the Company believes that, the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligation.

The retirement benefits liability amounted to P10,623,648 and P9,773,120 as of March 31, 2025 and 2024, respectively (see Note 16).

#### *Recognition of Deferred Tax Assets*

The management assesses at each reporting date and recognizes deferred tax assets to the extent of probable future taxable profits and reversing taxable temporary differences that will allow the deferred income tax assets to be utilized.

Management uses judgment and estimates in assessing the probability of future taxable profits. Net deferred income tax assets recognized amounted to P12,972,025 and P69,454,332 as of March 31, 2025 and 2024, respectively (see Note 12).

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### **3. Material Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes in accounting policies as explained below.

#### Adoption of Amendment to Standard

The Company has adopted the below amendment to standard, starting April 1, 2024 and accordingly, changed its accounting policy. Except as otherwise indicated, the adoption of this new amendment did not have any material impact on the Company's financial statements.

- Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments: current or non-current, the amendments:
  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
  - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and

- clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

#### Amendments to Standards Issued but Not Yet Adopted

The following amendments to standards are effective for annual periods beginning after April 1, 2024. However, the Company has not early adopted the following amended standards in preparing these financial statements. Unless otherwise stated, the amended standards are not expected to have a significant impact on the Company's financial statements.

#### *Effective January 1, 2026*

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Financial Instruments: Disclosures*). The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

*Date of Recognition and Derecognition.* The amendments clarified that:

- a financial asset or financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;
- a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and,
- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and,
- the settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.



*Classification of Financial Assets.* The amendments related to classification of financial assets introduces an additional test to assess whether the solely payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards. Those which are relevant to the Company are as follows:
  - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
  - Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7). The amendments:
    - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
    - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 and PFRS 13,
    - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.
  - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:
    - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that 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, shall be recognized in profit or loss; and

- replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.
- Cost Method (Amendments to PAS 7, *Statement of Cash Flows*). The amendments replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

*Effective January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements* will replace PAS 1, *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.
  - *A More Structured Income Statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
  - *Management-Defined Performance Measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
  - *Greater Disaggregation of Information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

PFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to PAS 7, *Statement of Cash Flows* requires the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33, *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

The Company continues to assess the impact of the above new and amendments to standards effective subsequent to 2025 on the financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

#### Current versus Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and noncurrent liabilities, respectively.

#### Financial Instruments - Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### *Financial Assets*

##### *Initial Recognition and Measurement*

Financial assets are classified, at initial recognition and as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payment of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### *Subsequent Measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVPL.

*Financial Assets at Amortized Cost (Debt Instruments).* This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

This category includes the Company's cash in banks, short-term investment, trade receivables, finance lease receivables and refundable deposits. The Company has no financial asset designated at FVPL and FVOCI.

The Management classified the investment with maturity of three (3) months or less as cash equivalent while investment with maturity of more than three (3) months is classified under the "Short-term investments" account in the statements of financial position.

#### *Impairment of Financial Assets*

The Company recognizes an ECL for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset to be in default when contractual payments are generally more than one year past due. However, in certain cases, the Company may also consider internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### *Financial Liabilities*

##### *Initial Recognition and Measurement*

Financial liabilities are classified as measured at amortized cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Included under other financial liabilities are the Company's accounts payable and other current liabilities, due to related parties and lease liabilities.

##### *Subsequent Measurement*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

#### Derecognition of Financial Instruments

##### *Derecognition of Financial Asset*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The Company's rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either: (a) the Company has transferred substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### *Derecognition of Financial Liability*

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

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statements of financial position if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counter parties.

#### Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current asset when the cost of services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent assets.

#### Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes, and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to expense in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Computers	4 - 5
Office equipment	5
Leasehold improvement	Over the period of lease or 4 whichever is shorter

Recognition of depreciation commences when the asset is ready for its intended use.

The useful lives and depreciation method are reviewed annually to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

When assets are sold or retired, their cost and accumulated depreciation and any impairment in value are eliminated from the accounts. Any gain or loss resulting from their disposal is included in profit or loss.

#### Software Costs

Software costs are carried at cost less accumulated amortization and any impairment in value. Software costs are amortized on a straight-line method over the assets' estimated useful lives ranging from one to three years.

#### Impairment of Non-financial Assets

The carrying value of the non-financial assets of the Company are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of the asset is the greater of fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment loss, if any, is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

#### Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

#### Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

#### Capital Stock

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

#### Additional Paid-in Capital

Additional paid-in capital pertains to the amount received in excess of the par value of the shares either subscribed, issued, or both. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

#### Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration. Retained earnings also include prior period adjustments and the effect of changes in accounting policy as may be required by the standard's transitional provisions.

#### Revenue

Revenue from contracts with customers is recognized when or as control of a promised goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those goods or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and, (5) recognize revenues when a performance is satisfied. A contract is accounted when it is legally enforceable through executory contracts, there is approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

#### *Time-and-Material/Volume Based/Transaction Based Contracts*

Revenue with respect to time-and-material, volume based, and transaction-based contracts is recognized at point in time or as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond to the value transferred to customer till date which is related to the right of the Company to invoice for services performed.



### *Fixed Price Contracts*

Revenue related to fixed priced contracts where performance obligations and controls are satisfied over a period of time like technology integration, complex network building contracts, enterprise resource planning implementations and applications development are recognized based on progress towards completion of the performance obligation using the cost-to-cost measure of progress i.e. percentage-of-completion (POC) method of accounting. Revenue is recognized based on the cost incurred to date as a percentage of the total estimated costs to fulfil the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified. Provision for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses became probable based on the current contract estimates. Contract losses are determined to be the amount by which the estimated incremental cost to complete exceeds the estimated future revenue that will be generated in the contract and are included in cost of revenues and recorded in other accrued liabilities.

Revenues related to other fixed price contracts in providing maintenance and support services are recognized based on the right to invoice on the services performed for contracts in which the invoicing is representative of the value being delivered.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent a separate performance obligation. Revenues relating to such transition activities are classified as contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental cost in relation to such transition activities which are expected to be recoverable under the contract and generates or enhances resources of the Company that will be used in satisfying performance obligation in the future are considered as contract fulfillment costs classified as deferred contract cost and recognized over the period of the arrangement. Certain up-front non-recurring incremental contract acquisition costs and other up-front fees are deferred and amortized to cost or revenue, usually on a straight-line basis over the term of the contract unless revenues are earned, and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized portion. If the unamortized costs exceed the undiscounted cash flows, a loss is recognized.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in the statements of financial position. Contract assets primarily relate to unbilled amounts on the contracts and right to consideration is conditional. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only passage of time is required before the payment is due).

Revenue from sales-type leases is recognized when risk of loss is transferred to customers and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client. Interest attributable to sales-type leases is recognized using EIR method.

Other charges to customers representing reimbursements is recognized only when it is virtually certain and it is treated as a separate asset, not as a revenue. Severance pay which is reimbursable in nature from customer and is not tied to a distinct service provided to customers is recorded as customer recoverable under "Trade and other receivables - net" account in the statements of financial position and such amount will be derecognized when it is recovered from customer.

### Contract Balances

*Contract Assets.* A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional on the completion performance obligation.

*Trade Receivable.* A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). This also includes advance billing in accordance with the contract.

### *Contract Liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration or for which an amount of consideration is due from the customer based on the advance billing recognized under trade receivable. A contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

The Company does enter into transactions with customers where contract liabilities result from consideration being received from the customer prior to the Company satisfying its performance obligations. These contract liabilities are presented in the statements of financial position as unearned revenue.

### Cost of Services and Expenses

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

### *Cost of Services*

Cost of services consists of personnel cost, consultancy fees and other directly attributable costs incurred by the Company for the generation of revenue.

### *General and Administrative Expenses*

General and administrative expenses constitute costs incurred in administering the business and these are expensed as incurred.

### Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for a consideration.

### *As a Lessee*

The Company recognizes ROU assets and lease liabilities at the lease commencement date. The ROU assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove or restore the underlying asset or the site on which it is located, less any incentives received. The measurement of the ROU assets also includes the difference between the initial carrying amount of the deposit (which may be fair value if the deposit is in the scope of IFRS 9, *Financial Instruments*) and the nominal value of the deposit. Such difference is considered as an additional lease payment made by the lessee.

The ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. This are remeasured if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU assets or is recorded in profit or loss if the carrying amount of the ROU assets have been reduced to zero.

In the statements of cash flows, the Company has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as financing activities consistent with the presentation of interest payments chosen by the Company; and
- short-term lease payments and payments for leases of low value assets as operating activities.

#### *Short-term Leases and Leases of Low-value Assets*

The Company has elected not to recognize ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line bases over the lease term.

#### *As a Lessor*

When the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of underlying asset. If this is the case, the asset is a finance lease; if not, then its an operating lease.

The Company has leased assets under sales-type lease in which it acts as a dealer lessor. A finance lease of an asset by a dealer lessor results in two types of income: initial selling profit and finance income over the lease term. The Company recognizes the finance lease receivable and selling profit or loss for the period at the commencement date of the lease term. Costs incurred in connection with negotiating and arranging a lease are recognized as an expense when the selling profit or loss is recognized. Finance lease receivable is recognized at fair value of the underlying asset sold, or if lower, the present value of the lease payments accruing to the Company as a lessor, discounted using a market rate of interest. The current portion of the finance lease is recognized under "Prepayments and other current assets" account while the noncurrent portion is recognized under "Other noncurrent assets" in the statements of financial position. The difference between the lease payments received and the finance lease receivable is recognized as interest income.

#### Foreign Currency

Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are retranslated into Philippine peso using the rates of exchange at the reporting date. Exchange gains or losses arising from translation of foreign currency denominated items at rates different from those at which they were previously recorded are recognized in profit or loss.

#### Related Party Transactions

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

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities under common control with the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

#### Employee Benefits

##### *Short-term Benefits*

The Company recognizes a liability, net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

## Post-employment Benefits

### *Defined Contribution Plan*

The Company maintains a defined contribution plan that covers all employees which was absorbed by the Company from Verizon effective October 1, 2023. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

The Company, however, is covered under Republic Act (RA) No. 7641, *The Philippine Retirement Law*, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641. Accordingly, the Company accounts for its retirement obligation under the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution liability, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses (excluding interest), are recognized immediately in OCI.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Company recognizes gains or losses on settlement of a defined benefit plan when the settlement occurs.

### *Defined Benefit Plan*

For the employees of the Company not covered by the Define Contribution Plan, the Company complies with the requirement of R.A. 7641.

Under Republic Act (R.A.) No. 7641, where there is no retirement plan or agreement providing for retirement benefits of employees in a company, an employee who has reached the age of 60 or more, but not beyond 65 years, which is the compulsory retirement age, and who has rendered at least five years of service in the said company, may retire and shall be entitled to retirement benefit equivalent to at least one-half of one month salary for every year of service, wherein a fraction of at least six months is considered one year.

The retirement benefit liability recognized in the statements of financial position is the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

#### Compensated Leave Credits

The Company's net obligation in respect of accumulated leaves is the amount of future benefit that employees have earned in return for their services in the current and prior periods. This benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise. The Company recognizes outstanding provisions for leave credits which is payable within 12 months from the reporting date as part of employee benefits under the "Accounts payable and other current liabilities" account in the statements of financial position. The noncurrent portion of leave encashment is included under the "Other noncurrent liabilities" account in the statement of financial position.

#### Income Taxes

Income tax expense represents the current tax expense and deferred tax expense.

Under the Company's registration with the PEZA pursuant to the provisions of R.A. No. 7916, *The Special Economic Zone Act of 1995*, the Company is subject to 5% final tax on gross income from PEZA-registered activities in lieu of payment of national and local taxes.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* unless they are dealt with specifically in another standard.

If there is uncertainty about an income tax treatment, then the Company considers whether it is probable that a tax authority will accept the Company's tax treatment included in its tax filing. The underlying assumption in the assessment is that a tax authority will examine all amounts reported and will have full knowledge of all relevant information. The Company presents uncertain tax expense as part of current tax under "Provision for (benefit from) income tax" in the statements of comprehensive income. The related uncertain tax liability is presented by the Company under "Income tax payable" in the statements of financial position.

#### Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable and receivable in respect of the previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

#### *Deferred Tax*

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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 income will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets 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.

#### Events After End of the Reporting Period

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

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#### **4. Short-term Investments**

As at March 31, 2025 and 2024, short-term investments of the Company amounted to P315,573,500 and P197,120,000, respectively.

Short-term investments represent placements with a bank for more than three (3) and up to nine (9) months which earn interest based on prevailing market rates ranging from 2.4% to 3.5% as at March 31, 2025 and 2024.

Interest income earned from short-term investment which is recognized as part of "Other income (charges) - net" account in the statements of comprehensive income amounted to P18,062,872 and P9,813,180 for the years ended March 31, 2025 and 2024, respectively.

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#### **5. Trade and Other Receivables**

	<b>Note</b>	<b>2025</b>	<b>2024</b>
Billed trade receivables:			
Related parties	11, 17	<b>P416,090,417</b>	P791,241,270
Third parties	17	<b>318,058,727</b>	373,332,014
Unbilled trade receivables:			
Related parties	11, 17	<b>307,540,224</b>	109,310,634
Third parties	17	<b>173,945,514</b>	88,261,376
Customer recoverable	17	<b>63,696,392</b>	-
Other receivables		<b>19,872,074</b>	8,853,539
		<b>1,299,203,348</b>	1,370,998,833
Less: Allowance for expected credit losses	17	<b>21,763,923</b>	17,490,579
		<b>P1,277,439,425</b>	P1,353,508,254

Billed trade receivables are noninterest bearing and are generally on 30 to 120 days credit term.

Unbilled trade receivables pertain to receivables in which all conditions based on the contracts are already met or performed however, the billings are not yet issued to the customers as at end of reporting period.

Customer recoverable pertains to the amount reimbursable from a customer which is equivalent to the amount paid by the Company to the separated employees which were previously employed by the customer.

Other receivables pertain to employee-related advances, all of which are non-interest bearing and due within twelve months.

The allowance for expected credit losses pertains to trade receivables from third parties. Movements are as follows:

	2025	2024
Beginning of the year	<b>P17,490,579</b>	P20,657,276
Provision for (reversal of) expected credit losses	<b>4,273,344</b>	(3,166,697)
	<b>P21,763,923</b>	P17,490,579

For the years ended March 31, 2025 and 2024, receivables amounting to P3,059,660 and P481,532, respectively, which were previously written off were collected and recognized as part of provision (reversal) for expected credit losses under the "Expenses" account in the statements of comprehensive income.

## 6. Prepayments and Other Current Assets

	Note	2025	2024
Advances to suppliers		<b>P134,478,888</b>	P3,138,555
Input VAT - net	8, 13	<b>40,654,236</b>	13,772,090
Prepaid insurance		<b>38,393,016</b>	26,640,762
Deferred contract costs - current portion	8, 13	<b>35,494,740</b>	32,051,757
Refundable deposits - current portion	15, 17	<b>26,057,458</b>	27,752,450
Interest receivables on investment	4	<b>10,498,915</b>	822,156
Financial lease receivables - current portion	8, 15	<b>7,631,702</b>	12,463,600
Prepaid tax		<b>5,954,718</b>	-
Others		<b>17,912,128</b>	14,313,528
		<b>317,075,801</b>	130,954,898
Allowance for impairment losses on other current asset		<b>6,862,064</b>	5,456,475
		<b>P310,213,737</b>	P125,498,423

Advances to suppliers pertain mainly to funds deposited by the Company to its key service provider for making payments to the Company's employees, ex-employees and statutory authorities on behalf of the Company.

Input VAT - net is the tax recognized from purchases made from VAT-registered suppliers, after offsetting any previously recognized output VAT.



Prepaid insurance pertains to payment made in advance for health and life insurance of the employees and business insurance.

Deferred contract cost pertains to knowledge transfer costs during the transition phase of the contract which is amortized over the terms of contracts. Amounts that will be amortized beyond 12 months are classified as noncurrent.

Finance lease receivables pertain to the amount to be received by the Company for leasing servers, laptops and desktop to customers under a finance lease arrangement (see Note 15). Amounts to be received after 12 months from the report date is classified as noncurrent (see Note 8).

Others pertain to prepaid expenses, trading materials, and assets related to finance lease arrangements.

Impairment losses on other current assets for the years ended March 31, 2025 and 2024 amounted to P1,405,589 and P4,279,659, respectively. The impairment losses on other current assets are included as part of "Expenses" account in the statements of comprehensive income.

## 7. Property and Equipment

The movements in this account are as follows:

	Note	2025			Total
		Computers	Office Equipment	Leasehold Improvements	
<b>Cost</b>					
At April 1		P513,049,299	P58,080,872	P66,751,277	P637,881,448
Additions		129,835,893	14,323,939	36,841,209	181,001,041
Disposals		(15,476,488)	(1,030,899)	(810,971)	(17,318,358)
<b>At March 31</b>		<b>627,408,704</b>	<b>71,373,912</b>	<b>102,781,515</b>	<b>801,564,131</b>
<b>Accumulated Depreciation and Amortization</b>					
At April 1		331,174,943	21,649,944	10,303,293	363,128,180
Depreciation and amortization	14	88,023,052	6,312,519	11,349,677	105,685,248
Disposals		(10,172,673)	(1,022,263)	(196,650)	(11,391,586)
<b>At March 31</b>		<b>409,025,322</b>	<b>26,940,200</b>	<b>21,456,320</b>	<b>457,421,842</b>
<b>Carrying Amount</b>		<b>P218,383,382</b>	<b>P44,433,712</b>	<b>P81,325,195</b>	<b>P344,142,289</b>

  

	Note	2024			Total
		Computers	Office Equipment	Leasehold Improvements	
<b>Cost</b>					
At April 1		P439,046,369	P21,389,147	P10,272,934	P470,708,450
Additions		74,322,853	36,691,725	56,478,343	167,492,921
Retirement		(319,923)	-	-	(319,923)
<b>At March 31</b>		<b>513,049,299</b>	<b>58,080,872</b>	<b>66,751,277</b>	<b>637,881,448</b>
<b>Accumulated Depreciation and Amortization</b>					
At April 1		251,779,799	17,950,531	7,149,837	276,880,167
Depreciation and amortization	14	79,487,032	3,699,413	3,153,456	86,339,901
Retirement		(91,888)	-	-	(91,888)
<b>At March 31</b>		<b>331,174,943</b>	<b>21,649,944</b>	<b>10,303,293</b>	<b>363,128,180</b>
<b>Carrying Amount</b>		<b>P181,874,356</b>	<b>P36,430,928</b>	<b>P56,447,984</b>	<b>P274,753,268</b>

As at March 31, 2025 and 2024, the Company has fully amortized software licenses with cost and accumulated depreciation amounting to P3,417,344. These software licenses are still being used by the Company as at March 31, 2025 and 2024.

As at March 31, 2025, the Company recovered P16,025,591 from separated employees in relation to laptops which were not returned to the Company. The Company recognized gain amounting to P12,166,989, representing the difference between the carrying value and the recovered amount, which is recorded as part of the "Other Income (Charges) - Net account in the statements of comprehensive income.

As at March 31, 2025, the Company also disposed certain assets with cost and accumulated depreciation amounting to 9,478,728 and P7,410,558, respectively. The Company received cash amounting to P1,863,608 from the disposal resulting to the recognition of P204,562 loss in the statements of comprehensive income.

As at March 31, 2024, the Company retired certain computers with cost and accumulated depreciation amounting to P319,923 and P91,888, respectively which resulted to the recognition of loss amounting to P228,034 in the statements of comprehensive income.

## 8. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	<b>2025</b>	<b>2024</b>
Refundable deposits - net of current portion	15, 17	<b>P54,390,203</b>	P37,027,932
Deferred contract costs	5, 13	<b>40,048,759</b>	48,848,073
Prepaid expenses		<b>28,532,688</b>	13,997,630
Finance lease receivable - net of current portion	15	<b>2,889,286</b>	7,829,397
Others		<b>5,865,203</b>	268,068
		<b>P131,726,139</b>	P107,971,100

Prepaid expenses pertain to payments made to the suppliers for goods and services which are expected to be utilized for more than twelve months.

## 9. Accounts Payable and Other Current Liabilities

This account consists of:

	<i>Note</i>	<b>2025</b>	<b>2024</b>
Employee benefits	16	<b>P289,462,638</b>	P295,489,293
Due to related parties	11, 16	<b>134,662,658</b>	163,192,418
Accrued expenses	16	<b>103,876,930</b>	104,013,899
Trade payables	16	<b>56,918,060</b>	82,326,060
Unearned revenue	11, 13	<b>44,438,889</b>	37,508,681
Other current liabilities		<b>4,273,149</b>	16,671,398
		<b>P633,632,324</b>	P699,201,749

Employee benefits pertain to accruals for leave encashment, retention and performance bonus, 13th month salary and provision for separated employees. Noncurrent portion of leave encashment is included under "Other noncurrent liabilities" account in the statements of financial position.

Accrued expenses pertain to provision for project expenses, provision for communication link, electricity, legal, professional and repair maintenance.

Unearned revenue pertains to the current portion of the advance payment received from customers. Services which are expected to be completed for more than twelve (12) months after the reporting date are recognized as "Unearned revenue" under noncurrent liabilities in the statements of financial position.

## 10. Equity

The Company's capital stock consists of the following:

	Number of Shares	Amount
Authorized at P100 par value	<b>4,300,000</b>	<b>P430,000,000</b>
Issued and outstanding	<b>2,716,843</b>	<b>P271,684,300</b>

### *Retained Earnings*

Section 42 of the Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of the paid-up capital, except under specified circumstances. As at March 31, 2025 and 2024, the Company's retained earnings (as adjusted per Securities Regulation Code Rule 68, as Amended) of P1,464,010,749 and P1,161,462,470, respectively, exceeded its paid-in capital of P271,770,705. There were no restrictions or appropriations for the remaining excess retained earnings as of March 31, 2025 and 2024.

Management plans to discuss the excess retained earnings as at March 31, 2025 in the next BOD meeting which is expected to be held in due course in the fiscal year 2025 to 2026.

## 11. Related Party Transactions

In the normal course of business, the Company has the following significant transactions and outstanding account balances with its related parties:

Related Party	Note	Amount/Volume		Outstanding Balance Receivable (Payable)		Terms and Conditions
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	
<b>Ultimate Parent Company</b>						
Revenue	a	<b>P131,387,340</b>	P123,134,042	<b>P62,508,023</b>	P38,613,437	Noninterest-bearing, unsecured; no impairment
Consultancy	b	<b>158,872,632</b>	80,468,764	<b>(106,000,938)</b>	(44,537,111)	Noninterest-bearing, unsecured
<b>Under Common Control</b>						
Revenue	a	<b>427,669,031</b>	874,055,956	<b>85,750,603</b>	181,094,112	Noninterest-bearing, unsecured; no impairment
Consultancy	b	<b>475,102</b>	7,581,394	<b>(424,385)</b>	(1,066,032)	Noninterest-bearing, unsecured
<b>Other Affiliates</b>						
Revenue	a	<b>4,015,918,838</b>	1,600,686,942	<b>575,372,015</b>	680,844,355	Noninterest-bearing, unsecured; no impairment
Consultancy	b	<b>100,387,348</b>	72,669,837	<b>(28,237,335)</b>	(117,589,275)	Noninterest-bearing, unsecured
Receivable				<b>P723,630,641</b>	P900,551,904	
Payable				<b>(P134,662,658)</b>	(P163,192,418)	

- a. The Company has Master Service Agreement with its Ultimate Parent Company for the Company to provide software and information technology services to the customers of the Ultimate Parent Company and the various entities under common control. The agreement shall continue until terminated by either party in case the other party is in breach of the terms of the agreement or at the option of the counterparty upon prior written notice.
- b. Related parties rendered consulting services to the Company under the normal course of business. Consulting charge is recorded as part of "Cost of services" account in the statements of comprehensive income.
- c. Compensation of key management personnel of the Companies consists of directors' fee amounting to P480,000 for the years ended March 31, 2025 and 2024.

All related party transactions are to be settled in cash.

## 12. Income Taxes

Reconciliation between the current income tax computed at the statutory income tax rate and the current income tax as shown in the statements of comprehensive income is as follows:

	2025	2024
Income before income tax	<b>P452,842,087</b>	P260,594,674
Income tax provision at statutory income tax rate	<b>P113,210,522</b>	P65,148,669
Additions to (reductions in) income tax resulting from income tax effects of:		
Nondeductible expense	<b>1,960,125</b>	3,223,099
Provision for (reversal of) prior year tax	<b>18,040,014</b>	(91,230,631)
Effect of the difference between regular corporate income tax and GIT rates	<b>(32,839,493)</b>	(2,466,506)
Total income tax expense	<b>P100,371,168</b>	(P25,325,369)

### Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Effective July 1, 2020, the Company, has its corporate income tax lowered from 30% to 25% and MCIT rate is reduced from 2% to 1% until June 30, 2023. Starting July 1, 2023, MCIT rate is 2%.

Below are the salient features of the Act that are relevant to the Company.

- a. Qualified export enterprises shall be entitled to 4 to 7 years ITH to be followed by 10 years 5% Special Corporate Income Tax (SCIT) OR Enhanced Deductions (ED).
- b. Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
- c. Registered enterprises are exempt from customs duty on importation of capital equipment, raw materials, spare parts, or accessories directly and exclusively used in the registered project or activity.

- d. VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity by a registered business enterprise (RBE).
- e. For investments prior to effectivity of CREATE: RBEs granted only an ITH - continue with the availment of the ITH for the remaining period of the ITH. RBEs granted an ITH + 5% GIT or currently enjoying 5% GIT - allowed to avail of the 5% GIT for 10 years.
- f. Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.
- g. Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.
- h. Definition of reorganization for purposes of applying the tax-free exchange provision under Section 40(C)(2) is expanded. Prior BIR ruling or confirmation shall not be required for purposes of availing the tax exemption of the exchange.

Deferred income tax assets - net are attributable to the following:

	Balance at April 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at March 31
<b>2025</b>				
Accrued personnel expenses	P54,412,088	(P39,913,892)	P -	P14,498,196
Allowance for impairment losses on receivables	4,372,645	1,068,336	-	5,440,981
Retirement benefit liability	1,677,399	(4,058,722)	2,878,666	497,343
Provision for expenses	779,886	(431,797)	-	348,089
Leases	2,277,250	(2,185,640)	-	91,610
Unrealized foreign exchange loss (gain)	(456,842)	294,520	-	(162,322)
Deferred cost - net	6,391,906	(13,835,548)	-	(7,443,642)
<b>Deferred Tax Assets - net</b>	<b>P69,454,332</b>	<b>(P59,062,743)</b>	<b>P2,878,666</b>	<b>P13,270,255</b>

  

	Net Balance at April 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at March 31
<b>2024</b>				
Accrued personnel expenses	P27,618,348	P26,793,740	P -	P54,412,088
Allowance for impairment losses on receivables	4,316,418	56,227	-	4,372,645
Provision for expenses	3,168,525	(2,388,639)	-	779,886
Unrealized foreign exchange loss (gain)	702,139	(1,158,981)	-	(456,842)
Leases	(53,640)	2,330,890	-	2,277,250
Retirement benefit liability	(5,766,164)	5,248,488	2,195,075	1,677,399
Deferred revenue - net	(17,843,348)	24,235,254	-	6,391,906
<b>Deferred Tax Assets - net</b>	<b>P12,142,278</b>	<b>P55,116,979</b>	<b>P2,195,075</b>	<b>P69,454,332</b>

Deferred tax assets - net as at March 31, 2025 and 2024 are estimated to be settled as follows:

	<b>2025</b>	<b>2024</b>
To be settled within 12 months	<b>P8,599,188</b>	P54,735,132
To be settled after more than 12 months	<b>4,671,067</b>	14,719,200
	<b>P13,270,255</b>	P69,454,332

As at March 31, 2024, the Company reversed the tax provision amounting to P95,091,190, previously recognized under the "Income tax payable" account in the statements of financial position as of March 31, 2023. The provision covering the previous taxable years was reversed due to the payment of prior year income tax and the prescription of the period over which the BIR can conduct tax audit for such taxable years. Out of the P95,091,190 reversal, P3,860,559 was paid for the prior year income tax.

During the year ended March 31, 2025, the Company recognized and paid a provision for prior year income tax amounting to P18,040,014 in settlement for the FY2022 tax assessment.

### 13. Revenue

Set out below is the disaggregation of the Company's revenues for the years ended March 31:

	2025	2024
<b>Types of Services</b>		
Software development services	<b>P3,466,132,913</b>	P2,136,511,544
Business process outsourcing (BPO)	<b>2,039,430,858</b>	1,392,901,185
Total revenue from contracts with customers	<b>P5,505,563,771</b>	P3,529,412,729

Software development services include software services and IT infrastructure management services. Within software services, the Company provides application development and maintenance, enterprise application, next generation Software As A Service application services and engineering and Research and Development services to several global customers. Infrastructure management services involve managing customer's IT assets effectively.

Business process outsourcing services include the traditional contact center and help desk services and the next generation services around platform BPO and Business Process as A Service delivered through a global delivery model.

	2025	2024
<b>Types of Revenue Recognition</b>		
Fixed price contract (over time)	<b>P4,417,002,777</b>	P2,373,830,643
Time-and-material (point in time)	<b>1,088,560,994</b>	1,155,582,086
Total revenue from contracts with customers	<b>P5,505,563,771</b>	P3,529,412,729

The following table provides information about contract assets, deferred contract cost and deferred revenues from contracts with customers.

	Note	2025	2024
Unbilled receivable	5	<b>P481,485,738</b>	P197,572,010
Unearned revenue	9	<b>44,727,737</b>	57,992,628
Deferred contract costs	6, 8	<b>75,543,499</b>	80,899,830

#### 14. Cost of Services

	Note	2025	2024
Personnel costs		<b>P3,999,127,139</b>	P2,500,536,745
Consultancy fee	11	<b>259,895,196</b>	159,489,815
Amortization of ROU assets	3, 15	<b>219,749,024</b>	195,323,204
Depreciation and amortization	6, 7	<b>105,729,430</b>	86,339,901
Communication		<b>67,141,448</b>	38,600,881
Repairs and maintenance		<b>52,109,330</b>	45,297,297
Utilities		<b>39,375,357</b>	28,137,160
Travel		<b>14,063,655</b>	14,164,354
Recruitment and training		<b>12,878,612</b>	1,667,566
Others		<b>77,509,309</b>	64,094,838
		<b>P4,847,578,500</b>	P3,133,651,761

Details of personnel costs follow:

	2025	2024
Salaries and wages	<b>P2,932,503,908</b>	P1,826,156,852
Benefits	<b>564,929,013</b>	349,393,605
Bonuses	<b>285,595,656</b>	191,180,534
13 <sup>th</sup> month	<b>196,380,991</b>	122,353,291
Others	<b>19,717,571</b>	11,452,463
	<b>P3,999,127,139</b>	P2,500,536,745

#### 15. Leases

##### Short term Leases

Short term leases are the Company's leases of stores whose lease term is less than one (1) year, hence, did not pass the requirement of PFRS 16.

##### Long term Leases

##### Company as a Lessee

The Company entered into various long-term leases with a term ranging from three to five years renewable under such terms and conditions as may be agreed upon by both parties. The Company did not apply any renewal option on its lease contracts.

Details are as follows:

##### *Science Hub Tower 3, Taguig City (6<sup>th</sup> Floor)*

The Company entered into a lease agreement covering certain office equipment and facilities. On June 1, 2023, the Company renewed the lease agreement for another three years starting from June 1, 2023 and terminating on May 31, 2026. Escalation of five percent (5%) per year is effective starting June 1, 2024.

##### *Science Hub Tower 4, Taguig City (6<sup>th</sup> Floor)*

The Company entered into a lease agreement covering a new site for the expansion of its operations. On February 4, 2019, the Company renewed the lease for another five years commencing on March 1, 2019 and terminating on February 29, 2024. Escalation of five percent (5%) per year is effective starting March 1, 2019.

On March 1, 2024, the Company renewed the lease agreement for another three years starting from March 1, 2024, and terminating on February 28, 2027. Escalation of five percent (5%) per year is effective starting June 1, March 1, 2024.

*Science Hub Tower 3, Taguig City (5<sup>th</sup> Floor)*

On January 8, 2019, the lessor, the Company and State Street HCL Services (Philippines), Inc. (SSPI), an entity under common control, entered into an addendum to the Facility Utilization Service Agreement, wherein the SSPI assigned all its rights and obligations on the lease of the SSPI's office facility located in the 5th Floor, Science Hub tower 3, Taguig City to the Company. The lease is for a period of 24 months starting September 1, 2022 and terminating on August 31, 2024 renewable subject to mutual agreement between the parties.

On September 1, 2024, the Company entered into renewal of the agreement. The lease is for a period of 36 months and terminating on August 31, 2027, and is renewable subject to mutual agreement between the parties. The security deposit pertaining to this lease amounts to P1,844,388.

*One World Square, McKinley Hill, Taguig (7<sup>th</sup> Floor)*

On October 17, 2022, the Company entered into another lease agreement covering certain office equipment and facilities. The lease is for a period of 36 months starting October 17, 2022 and terminating on November 16, 2025 renewable subject to mutual agreement between the parties and Security deposit for the same of P11,469,252 has been paid to the lessor.

*Science Hub Tower 3, Taguig City (7<sup>th</sup> and 8<sup>th</sup> Floor)*

In 2023, the Company entered into another lease agreement covering certain office facilities. The lease is for a period of 60 months starting October 1, 2023 and terminating September 30, 2028. The lease can be extended beyond the 60 months subject to mutual agreement between the parties. Escalation of five percent (5%) per year is effective starting October 1, 2024.

*Science Hub Tower 4, Taguig City (5<sup>th</sup> Floor)*

The Company entered into lease agreement covering certain office equipment and facilities signed on August 15, 2024. The renewed lease covers a period of 60 months, commencing from November 16, 2024, and ending November 15, 2029, with a handover date of August 16, 2024. The renewable is subject to mutual agreement between the parties and the security deposit of P6,109,492 has been paid to the lessor.

*Science Hub Tower 1, Taguig City (Ground Floor)*

The Company entered into lease agreement covering certain office equipment and facilities signed on March 7, 2025. The lease is for a period of 5 years starting from May 1, 2025, and ending on April 30, 2030, with a handover date of January 16, 2025. The renewable is subject to mutual agreement between the parties and the security deposit of P5,155,438 has been paid to the lessor.

The total security deposits is presented as part of "Prepayments and other current assets" and "Refundable deposits" in the statements of financial position amounted to 80,447,661 and 64,780,383 as at March 31, 2025 and 2024, respectively (see Notes 6 and 8).

ROU Assets

The movements as at March 31, 2025 and 2024 are as follows:

	<b>Note</b>	<b>2025</b>	<b>2024</b>
Balance at April 1		<b>P454,966,889</b>	P203,620,739
Addition		<b>301,072,410</b>	446,669,354
Amortization	16	<b>(219,749,024)</b>	(195,323,204)
Balance at March 31		<b>P536,290,275</b>	P454,966,889



### Lease Liabilities

The movements in lease liabilities as at March 31, 2025 and 2024 are as follows:

	2025	2024
Balance at the beginning	<b>P465,240,071</b>	P204,206,122
Accretion of interest expense	<b>44,658,683</b>	31,529,416
Addition	<b>294,722,389</b>	430,625,089
Repayments (including interest)	<b>(266,816,773)</b>	(201,120,555)
Net carrying value	<b>537,804,370</b>	465,240,072
Current portion	<b>173,882,146</b>	156,947,506
Noncurrent portion	<b>P363,922,224</b>	P308,292,566

	2025	2024
<b>Maturity Analysis - Contractual Undiscounted Cash Flows</b>		
Less than one year	<b>P213,965,081</b>	P216,301,680
One to five years	<b>407,429,962</b>	444,366,424
Total undiscounted lease liabilities at March 31	<b>621,395,043</b>	660,668,104
Imputed Interest	<b>(83,590,673)</b>	(195,428,033)
<b>Lease Liabilities Balance as at March 31</b>	<b>P537,804,370</b>	P465,240,071

### *Company as a Lessor*

The Company also entered into various agreements for the lease of laptops and computers. The lease term generally ranges from three (3) years to five (5) years which is subject to renewal upon the written agreement with the lessee based on such terms and conditions as may be acceptable.

The maturity analysis of the undiscounted lease receivables as at March 31 is as follows:

	2025	2024
<b>Maturity Analysis - Contractual Undiscounted Cash Flows</b>		
Not more than one year	<b>P7,860,636</b>	P13,110,514
One to five years	<b>2,991,560</b>	8,026,197
Total undiscounted lease receivables	<b>10,852,196</b>	21,136,711
Unearned interest income	<b>(331,208)</b>	(843,714)
Finance lease receivables	<b>P10,520,988</b>	P20,292,997

## **16. Retirement and Other Employee Benefits**

The Company has both defined contribution plan and defined benefit plan. The Company's latest actuarial valuation dated March 31, 2025. Valuations are obtained on an annual basis.

In 2024, the Company's Ultimate Parent Company has signed a deal with Verizon Sourcing LLC for providing Managed Network Services (MNS) for the Verizon global enterprise customers. To execute the responsibilities at the enterprise level, a select group of Verizon employees were transitioned to the Ultimate Parent Company and its affiliate entities depending upon their country of employment. The Company is one of the affiliate entities where employees were transitioned as part of the agreement. As a result of the transition, Verizon transferred the contributions amounting to P90, 231, 542 of which P62,062,856 was transferred to the Fund A of the Company representing the employer contribution and P28,168,686 which was transferred to the Fund B of the Company representing the employee contribution.

Under the defined contribution plan, the Company provides a benefit equal to the sum of 100% of the Member's Employer Accumulated Value (ERAV) which represents the Company's contributions of 7% of monthly salary to fund A in the members' favor plus the corresponding investment earnings and losses (net of taxes and expenses) on such contributions. Should a member opt to contribute to Fund B the Company should make an additional contribution to Fund A. The additional Company contribution rate has a cap of 3% of the monthly basic salary of the employee while the voluntary member contribution rate as a percentage of monthly basic salary has a cap of 10%.

All transitioned employees from Verizon are entitled to the same benefits which are applicable to existing employees as per company policies. If any severance payment is paid to them, such amounts will be recovered from Verizon at cost basis up to the agreed amount stated in the agreement (see Note 5).

As discussed in Note 3, the Company accounts for the defined contribution plan as a defined benefit plan with a minimum guarantee under RA No. 7641.

The defined contribution plan of the Company covers all transitioned employees from Verizon while the defined benefit plan covers all employees.

The table below shows the present value of the excess of the defined benefit liability over the defined contribution benefit under the define contribution plan and the present value of defined benefit liability under the define benefit plan:

	2025	2024
Beginning of the year	<b>P9,773,120</b>	P2,579,461
Current service cost	<b>1,278,562</b>	892,050
Interest expense (income)	<b>(851,699)</b>	169,213
Actuarial loss	<b>423,665</b>	6,132,396
End of the year	<b>P10,623,648</b>	P9,773,120

Retirement expense consists of:

	2025	2024
Retirement expense under:		
Defined contribution plan	<b>P76,174,179</b>	P28,431,762
Defined benefit plan	<b>1,143,124</b>	1,061,263
Total retirement expense	<b>P77,317,303</b>	P29,493,025

The assumptions used to determine retirement benefits costs of the Company as of March 31 are as follows:

	<b>2025</b>	2024
Discount rate	<b>6.31%</b>	6.26%
Salary increase rate	<b>4.00%</b>	6.00%
Average expected remaining working life in years	<b>27.2</b>	27.3

Assumptions regarding future mortality and disability experiences are based on the 1994 U.S. Group Annuity Mortality (GAM) Table, Male and Female, and the 1952 Disability Table (Society of Actuaries), respectively.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

The weighted average duration of the defined benefit obligation is 5.1 years and 7.0 years as at March 31, 2025 and 2024, respectively.

The maturity analysis of the undiscounted benefit payments at March 31 is as follows:

	<b>2025</b>	2024
More than 1 year to 5 years	<b>P16,250,941</b>	P12,023,180
More than 5 years to 10 years	<b>11,698,259</b>	11,698,259

The sensitivity of the defined benefit obligation as at March 31 to changes in the principal assumptions is as follows:

	<b>Increase (Decrease) on Defined Benefit Obligation</b>		
	<b>Changes in Assumption</b>	<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
<b>2025</b>			
Discount rate	<b>1.00%</b>	<b>(P852,150)</b>	<b>P755,772</b>
Salary increase rate	<b>1.00%</b>	<b>860,642</b>	<b>(775,820)</b>
<b>2024</b>			
Discount rate	1.00%	(984,441)	839,191
Salary increase rate	1.00%	969,834	(846,718)

The above sensitivity analyses are based in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the PUC method at the end of the reporting period) has been applied as when calculating the pension benefit liability recognized within the statements of financial position.

The Company is not required to pre-fund the future defined benefits payable under the retirement fund before they become due. For this reason, the amount and timing of contributions to the retirement fund are at the Company's discretion. However, in the event a benefit claim arises, the Company will be liable to pay its employees.

## 17. Financial Risk Management and Capital Management

### Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of risks, which include foreign currency risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

*Foreign Currency Risk.* The Company operates domestically but its revenue and other borrowings are denominated in foreign currency and is exposed to foreign currency risk with respect to US dollar (US\$). To manage the foreign currency risk, the Company converts the foreign currency collections into Peso within a short period of time.

The Company's foreign currency-denominated financial instruments as of March 31, 2025 and 2024 are as follows:

<b>2025</b>			
		<b>Amount in</b>	
	<b>Currency</b>	<b>Foreign Currency</b>	<b>Peso Equivalent</b>
Cash in banks	US\$	2,561,802	P146,988,506
Short term investment	US\$	5,500,000	315,573,500
Receivables	US\$	25,598,288	1,468,651,873
			<b>P1,931,213,879</b>

  

<b>2024</b>			
		<b>Amount in</b>	
	<b>Currency</b>	<b>Foreign Currency</b>	<b>Peso Equivalent</b>
Cash in banks	US\$	2,391,660	P134,698,300
Short term investment	US\$	3,500,000	197,120,000
Receivables	US\$	16,132,428	908,578,342
			<b>P1,240,396,642</b>

The applicable closing rate used to determine the peso equivalent of the Company's foreign currency-denominated financial assets and liabilities are as follows:

<b>Currency</b>	<b>2025</b>	<b>2024</b>
US\$	<b>P57.38</b>	P56.32

The following table shows the effect on income before income tax of reasonably possible changes in foreign currency rates. There is no other impact on the Company's equity other than those already affecting the income.

<b>March 31, 2025</b>		
<b>Currency</b>	<b>Change in Rate</b>	<b>Effect on Income before Income Tax Increase (Decrease)</b>
US\$	2%	<b>P38,624,278</b>
	(2%)	<b>(38,624,278)</b>

  

<b>March 31, 2024</b>		
<b>Currency</b>	<b>Change in Rate</b>	<b>Effect on Income before Income Tax Increase (Decrease)</b>
US\$	4%	P49,615,866
	(4%)	(49,615,866)

**Credit Risk.** Majority of the Company's trade receivables are with related parties. The Company's credit risk is concentrated on its trade receivables from related parties covering 60% and 66% of the total trade receivables as at March 31, 2025 and 2024, respectively.

With respect to credit risk arising from the other financial assets of the Company, which comprise mainly of cash in banks, short term investments and refundable deposits, the Company's exposure to credit risk arises mainly from the default of the counterparties.

The maximum credit exposure of the Company on its financial assets is equal to their carrying values as of March 31, 2025 and 2024. These financial assets are not supported by collateral from the counterparties.

The following table shows an ageing analysis of the Company's financial assets as of March 31, 2025 and 2024:

	Neither Past Due nor Impaired	2025				Impaired Financial Assets	Total
		31 - 60 Days	61 - 90 Days	91 - 120 Days	>121 Days		
Cash in banks	P227,665,125	P -	P -	P -	P -	P -	P227,665,125
Short term investment	315,573,500	-	-	-	-	-	315,573,500
Trade receivables	965,846,247	83,408,608	19,177,529	47,387,377	163,511,513	(21,763,923)	1,257,567,351
Finance lease receivables	10,520,988	-	-	-	-	-	10,520,988
Refundable deposits	-	316,993	9,389,832	657,524	70,083,312	-	80,447,661
	P1,519,605,860	P83,725,601	P28,567,361	P48,044,901	P233,594,825	(P21,763,923)	P1,891,774,625

  

	Neither Past Due nor Impaired	2024				Impaired Financial Assets	Total
		31 - 60 Days	61 - 90 Days	91 - 120 Days	>121 Days		
Cash in banks	P264,487,404	P -	P -	P -	P -	P -	P264,487,404
Short term investment	197,120,000	-	-	-	-	-	197,120,000
Trade receivables	1,055,361,342	72,724,188	69,393,573	14,688,320	149,977,871	(17,490,579)	1,344,654,715
Finance lease receivables	20,292,997	-	-	-	-	-	20,292,997
Refundable deposits	340,722	-	-	187,045	64,252,616	-	64,780,383
	P1,537,602,465	P72,724,188	P69,393,573	P14,875,365	P214,230,487	(P17,490,579)	P1,891,335,499

### **Expected Credit Loss**

#### **Cash in Banks and Short-term Investments**

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

#### **Trade Receivables**

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. The Company did not provide ECL for its receivables from related parties since there is a very remote likelihood of default because there is no known significant financial difficulty of counterparties and no probability that the counterparties will enter bankruptcy based from the available financial information.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at March 31, 2025 and 2024.

<b>2024</b>	<b>Weighted- average Loss Rate</b>	<b>Gross Carrying Amount</b>	<b>Loss Allowance</b>	<b>Credit- impaired</b>
Current	0.00%	P902,149,855	P -	No
31 to 60 days past due	0.00%	83,408,608	-	No
Over 61 days past due	9.85%	230,076,419	21,763,923	Yes
		<b>P1,215,634,882</b>	<b>P21,763,923</b>	

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<b>2023</b>	<b>Weighted- average Loss Rate</b>	<b>Gross Carrying Amount</b>	<b>Loss Allowance</b>	<b>Credit- impaired</b>
Current	0.00%	P1,055,361,342	P -	No
31 to 60 days past due	0.00%	72,724,188	-	No
Over 61 days past due	9.85%	234,059,764	17,490,579	Yes
		<b>P1,362,145,294</b>	<b>P17,490,579</b>	

#### Refundable Deposits

Based on historical experience and forecast of future economic conditions the refundable deposits are expected to be recovered upon the termination of the lease terms. The application of the expected credit loss on the refundable deposits of the Company does not have a material impact on the Company's financial statements. The Company measures the impairment loss on its rental and guarantee deposits using the 12-month expected loss basis.

The table below shows the credit quality per class of financial assets which are not impaired:

	<b>2025</b>		
	<b>High Grade</b>	<b>Standard Grade</b>	<b>Total</b>
<b>Current Assets</b>			
Cash in banks	P227,665,125	P -	P227,665,125
Short term investments	315,573,500	-	315,573,500
Receivables - trade	-	1,257,567,351	1,257,567,351
Finance lease receivables	10,520,988	-	10,520,988
Refundable deposits	-	80,447,661	80,447,661
<b>Total</b>	<b>P553,759,613</b>	<b>P1,338,015,012</b>	<b>P1,891,774,625</b>

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	<b>2024</b>		
	<b>High Grade</b>	<b>Standard Grade</b>	<b>Total</b>
<b>Current Assets</b>			
Cash in banks	P264,487,404	P -	P264,487,404
Short term investments	197,120,000	-	197,120,000
Receivables - trade	-	1,344,654,715	1,344,654,715
Finance lease receivables	20,292,997	-	20,292,997
Refundable deposits	-	62,384,543	62,384,543
<b>Total</b>	<b>P481,900,401</b>	<b>P1,407,039,258</b>	<b>P1,888,939,659</b>

The credit quality of financial assets is managed by the Company using high quality and standard quality as internal credit ratings.

High grade includes cash in banks and short-term investments which are deposited in reputable banks. High grade receivables and finance lease receivables pertain to receivables that always pay on time or even before the maturity date.

Standard grade receivables pertain to receivables collected on their due dates provided that they were followed up by the Company. Standard grade refundable deposits pertain to unsecured rental deposit related to the Company's lease commitment collectible at the end of the lease term.

*Liquidity Risk:* Prudent liquidity risk management implies maintaining sufficient cash. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted cash payments and the maturity profile of the Company's financial assets that will be used to finance the maturing liabilities:

March 31, 2025				
	On Demand	Less than One Year	Over One Year	Total
<b>Financial Liabilities</b>				
Accounts payable and other liabilities:				
Trade	P -	P55,535,873	P1,382,186	P56,918,059
Accrued expenses	-	389,168,841	72,108,823	461,277,664
Due to related parties	-	132,921,043	1,741,615	134,662,658
Lease liabilities	-	173,882,146	363,922,224	537,804,370
	P -	P751,507,903	P439,154,848	P1,190,662,751

  

March 31, 2024				
	On Demand	Less than One Year	Over One Year	Total
<b>Financial Liabilities</b>				
Accounts payable and other liabilities:				
Trade	P -	P81,724,953	P601,107	P82,326,060
Accrued expenses	-	414,418,876	31,813,238	446,232,114
Due to related parties	-	163,033,069	159,349	163,192,418
Lease liabilities	-	156,947,506	308,292,565	465,240,071
	P -	P816,124,404	P340,866,259	P1,156,990,663

### Capital Management

The Company's objective when managing capital is to increase the value of shareholders. Management sets strategies for the Company with the objective of establishing a versatile and resourceful financial management and capital structure.

The Company's Financial Controller, with close coordination with its Parent Company, has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company has not been subjected to externally imposed capital requirements. No major changes were made in the Company's capital management in 2025 and 2024.

#### Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

#### *Current Financial Assets and Liabilities*

Due to the short-term nature of the transactions, the carrying values of cash in banks, short term investments, receivables, current portion of refundable deposits, current portion of finance lease receivables, accounts payable and other liabilities and due to related parties approximate their fair values.

#### *Noncurrent Financial Assets*

The carrying amount of noncurrent portion of refundable deposits approximates its fair value as the effect of discounting is not considered material.

The noncurrent portion of finance lease receivables and lease liabilities approximate their fair value because the difference between the interest rates of these instruments and the prevailing market rates for similar instruments are not considered significant.

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### **18. Contingencies**

The Company is involved in various labor cases. Management, in consultation with its legal counsel, believes that the Company does not have present obligation arising from these cases, or any adverse resolution would not have significant impact on the financial statements.

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### **19. Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)**

In addition to the disclosure mandated under PFRS Accounting Standards, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the financial statements, which were prepared in accordance with PFRS Accounting Standards. Following are the tax information/disclosures required for the taxable year ended March 31, 2024:

#### **A. VAT**

	<b>Amount</b>
1. Output VAT	<b>P59,193,754</b>
Basis of the Output VAT:	
Vatable receipts	<b>P493,281,286</b>
Exempt receipts	<b>-</b>
Zero rated receipts	<b>5,379,473,631</b>
Total	<b>P5,872,754,917</b>



	Amount
2. Input VAT	
Beginning of the year	P2,797,963
Current year's domestic purchases:	
a. Goods for resale/manufacture or further processing	-
b. Goods other than for resale or manufacture	9,931,587
c. Services lodged under other accounts	52,825,793
d. Capital goods	421,833
e. Importation of goods other than capital goods	-
Input tax deferred on capital goods exceeding P1 million	(1,051,922)
Adjustments, actual payment and output VAT applied	(38,577,865)
Total Input VAT	P26,347,389

#### B. Withholding Taxes

	Amount
Tax on compensation	P362,796,622
Expanded withholding taxes	19,886,659
Final withholding taxes	3,750,396
	P386,433,677

#### C. All Other Taxes (Local and National)

	Amount
<b><i>Other taxes paid during the year recognized as "Taxes and licenses" account under Expenses</i></b>	
Business tax	P30,513,633

#### D. Tax Assessments and Tax Cases

In September 2024, the Company received BIR's Letter of Authority (LOA) for the assessment of VAT for FY 2022-2023. The assessment is closed and the amount of tax assessment was paid amounting to P5,030,987. The audit proceedings in relation to the financial year 2021-2022 have been concluded, and the case has been settled with a settlement amount of P18,040,014, which has been duly paid.

Information on amounts of custom duties, tariff fees and excise taxes are not applicable since there are no transactions that the Company would be subjected to these taxes in 2025.