

COVER SHEET

SEC Registration Number

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COMPANY NAME

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u	n	d	e	r		n	a	m	e		a	n	d		S	t	y	l	e	:		P	T	&	T)				

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

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Form Type

1	7	-	Q
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
legal@ptt.com.ph	(02) 8815-996	+63 917 893 8601
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,644	Last Friday of June	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Kenneth Maceren	kjmaceren@ptt.com.ph	(02) 8815-996	09178938601

CONTACT PERSON'S ADDRESS

Spirit of Communications Center, 106 C. Palanca Street, Legaspi Village, Makati City

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

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



PT&T CORP.

(Company's Full Name)

**Spirit of Communications Centre,
106 C. Palanca Jr. St., Legaspi Village, Makati City**

(Company's Address)

(632) 8815-9961

(Telephone Number)

December 31

(Calendar Year Ending)
(month & day)

Form 17-Q

Form Type

Amended Designation (if applicable)

March 31, 2026

Period Ended Date

(Secondary License Type and File No.)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17 – Q**

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

1. For the quarter ended **March 31, 2026**
2. SEC Identification Number **21817**
3. BIR Tax Identification No. **470-000-530-631**

4. **PT&T Corp.**

Exact name of issuer as specified in its charter:

5. **Metro Manila, Philippines**

Province, Country or other jurisdiction of
Incorporation or organization

6. (SEC Use Only)

Industry Classification Code:

8. **Spirit of Communication Centre Building,**

106 Carlos Palanca Jr. St., Legaspi Village, Makati City

Address of principal office Postal

1229

Code

8. **(632) 815-9961 to 65**

Issuer's telephone number, including area code

9. **Philippine Telegraph and Telephone Corp.**

Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

<u>Title of each class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding as of Date of Report</u>
Common stock	PhP1.00 par value 1,500,000,000 shares

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

Yes [x]

No []

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

Philippine Stock Exchange (PSE) – Common Stock

12. Indicate by check mark whether the issuer:

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

Yes [x]

No

[]

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

Yes [x]

No []

PT&T CORP.
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

PT&T CORP.

For the quarter ended: March 31, 2026.

INTERIM CONDENSED FINANCIAL STATEMENTS

PT&T CORP.
Statements of Financial Position
(In Thousand pesos)

	Interim unaudited as of March 31, 2026	Audited as of December 31, 2025
ASSETS		
Current Assets		
Cash	7,677	15,013
Receivables – net	143,765	113,112
Due from related parties	420,709	410,776
Other current assets	29,600	26,082
Total Current Assets	601,751	564,983
Non-current Assets		
Land at revalued amounts	434,148	434,148
Property, plant, and equipment at cost - net	153,303	156,779
Right-of-use assets – net	40,434	44,304
Investment Properties at cost	30,190	30,190
Other non-current assets -net	134,380	136,206
Total Non-current Assets	792,454	801,627
TOTAL ASSETS	1,394,205	1,366,610

	Interim unaudited as of March 31, 2026	Audited as of December 31, 2025
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	345,092	352,154
Statutory obligations	577,773	575,673
Lease liabilities - current portion	4,924	9,051
Loans payable - current portion	461	461
Due to related parties	142,512	127,504
Total Current Liabilities	1,070,763	1,064,843
Non-current Liabilities		
Lease liabilities - net of current portion	44,358	44,358
Loans Payable- noncurrent portion	1,887	1,887
Deposit for future stock subscription	2,164	2,164
Retirement benefits liability	53,818	50,594
Deferred income tax liability	52,983	52,983
Total Non-current Liabilities	155,211	151,987
Total Liabilities	1,225,973	1,216,830
Equity		
Capital Stock	10,926,336	10,926,336
Additional paid-in capital	629,974	629,974
Revaluation surplus	164,736	164,736
Other comprehensive income	20,942	20,942
Deficit	(11,573,755)	(11,592,207)
Total Equity	168,232	149,780
TOTAL LIABILITIES AND EQUITY	1,394,205	1,366,610

PT&T CORP.**Statements of Income (Loss)**

(In thousand pesos except per share data)

	Interim unaudited for three months ended March 31, 2026	Interim unaudited for three months ended March 31, 2025
REVENUES	104,391	141,514
INCOME (LOSSES)		
Rent income		-
Other income	1,463	541
	105,854	142,055
COST AND EXPENSES		
Selling, general and administrative Expenses	61,976	83,298
Leased channel	9,545	3,453
Cost of sales	1,627	37,207
Depreciation and amortization	10,586	10,818
Penalty and surcharge	4	-
Interest expense	3,664	2,633
	87,402	137,409
LOSS BEFORE INCOME TAX	18,452	4,646
INCOME TAX		-
NET INCOME	18,452	4,646
WEIGHTED AVERAGE COMMON STOCK	1,500,000	1,500,000
INCOME (LOSS) PER SHARE		
Basic	0.01	0.00
Diluted	0.01	0.00

PT&T CORP.

Statements of Comprehensive Income
(In thousand pesos except per share data)

	Interim unaudited for three months ended March 31, 2026	Interim unaudited for three months ended March 31, 2025
NET INCOME	18,452	4,646
OTHER COMPREHENSIVE INCOME		
Unrealized valuation gain on AFS investments	-	-
TOTAL COMPREHENSIVE INCOME	18,452	4,646

PT&T CORP.**Statements of Changes in Equity**

(In thousand pesos)

	Capital Stock	Additional Paid-in Stock	Revaluation Surplus	Accumulated actuarial gain (loss) on retirement benefits	Unrealized valuation loss on equity investments	Deficit	Total
Balance as of December 31, 2025	10,926,336	629,974	164,736	21,231	(290)	(11,592,207)	149,780
Net income for three months period						18,452	18,452
Balance as of March 31, 2026	10,926,336	629,974	164,736	21,231	(290)	(11,573,755)	168,232
Balance as of December 31, 2024	10,926,336	629,974	141,570	11,489	(284)	(11,646,690)	62,395
Net income for three months period						4,646	4,646
Balance as of March 31, 2025	10,926,336	629,974	141,570	11,489	(284)	(11,642,044)	67,041

SEC Form 17Q-1Q 2026

PT&T CORP.
Statements of Cash Flows
(In thousand pesos)

	Interim unaudited for three months ended March 31, 2026	Interim unaudited for three months ended March 31, 2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	18,452	4,646
Adjustments for:		
Depreciation and amortization	10,586	10,818
Interest expense	3,664	2,633
Movement in retirement benefit liability	3,693	4,009
Other income and charges	(1,046)	-
	35,350	22,106
Decrease (increase) in operating assets:		
Accounts receivables	(30,653)	(15,105)
Other current assets	(3,892)	(3,973)
Right of use asset	(1,056)	-
Increase (decrease) in current liabilities:		
Trade and accounts payable	(10,123)	66,528
Statutory obligations	1,933	(1,295)
Other liabilities,	(17,837)	(153)
NET CASH PROVIDED (USED) FROM OPERATING ACTIVITIES	(26,278)	68,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment & other fixed (net)	(1,810)	(9,019)
Other non-current assets	1,826	(21,920)
NET CASH PROVIDED (USED) FROM INVESTING ACTIVITIES	16	37,169
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances (from) to related parties, net	(18,925)	(34,553)
Payment of loans	-	-
NET CASH PROVIDED (USED) FROM FINANCING ACTIVITIES	(18,925)	(34,553)
NET INCREASE IN CASH	(7,336)	2,616
CASH BALANCE, Beginning	15,013	16,705
CASH BALANCE, Ending	7,677	19,321

PT&T CORP.
Aging Schedule of Receivables
As of March 31, 2026
(In thousand pesos)

SERVICES	CURRENT TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	OVER 91 DAYS	TOTAL
Trade Receivables	7,586	5,340	3,105	185,219	201,250
Less: Allowance for doubtful accounts					84,716
NET TRADE RECEIVABLES					116,534
Other Receivables					27,231
RECEIVABLES, net of allowance for doubtful accounts					143,765

PT&T CORP.
Selected Explanatory Notes to Interim Financial Statements
(UNAUDITED)

1. Corporate Information

PT&T Corp. (Doing business under the name and style: PT&T) (the Company) was incorporated on November 14, 1962 under the laws of the Philippines as a diversified telecommunications entity catering to the corporate, small and medium business and residential segments. The Company is also a grantee of a franchise and holds various licenses to establish, install, maintain, operate and lease telecommunications systems, lines and circuits, wire or services, throughout the Philippines.

On November 3, 2023, the Securities and Exchange Commission (SEC) approved the following amendments to the Company's Articles of Incorporation:

- a) change of corporate name from Philippine Telegraph and Telephone Corporation to PT&T Corp. (Doing business under the name and style: PT&T);
- b) include the sale and distribution of information technology products, software, and services, and to provide shared services to subsidiaries, affiliates, and other companies in the Company's primary purpose; and increase of the authorized capital stock from ₱3,800.0 million to ₱12,600.0 million in line with the Company's Corporate Rehabilitation (Corp Rehab) Plan.

The Company's registered office address is at the 6th Floor SCC Bldg. 106, Carlos Palanca St., Legaspi Village, Makati City and is domiciled in the Philippines.

Legislative Franchise and Other Licenses

Legislative Franchise

On June 20, 1964, the Company was granted a 25-year national legislative franchise under Republic Act (RA) No. 4161, as amended by RA No. 5048, allowing the Company to establish, install, maintain and operate wire and/or wireless telecommunications systems, lines, circuits and stations throughout the Philippines for public domestic and international communications, and to provide domestic record communications services which consisted of telex, telegraph, and private leased circuits.

On November 15, 1990, the Company was granted an extension of its franchise for another 25 years under RA No. 6970, An Act Extending the Franchise Granted to the Philippine Telegraph and Telephone Corporation to Establish, Install, Maintain and Operate Wire and/or Wireless Telecommunications Systems, Lines, Circuits and Stations throughout the Philippines for Public Domestic and International Communications under RA No. 4161, As Amended by RA No. 5048, to Another Twenty-Five (25) Years from the Date of the Effectivity of this Act.

On July 21, 2016, the Company was granted extension of its franchise for another 25 years under RA No. 10894, An Act Extending to Another Twenty-Five (25) Years the Franchise Granted to the Philippine Telegraph & Telephone Corporation (PT&T) to Establish, Install, Maintain and Operate Wire and/or Wireless Telecommunications Systems, Lines, Circuits and Stations Throughout the Philippines for Public Domestic and International Communications under RA No. 4161, as Amended.

On August 25, 2017, Republic Telecommunications Holdings, Inc. (RETELCOM) and Menlo Capital Corporation (MENLO) entered into a Sale and Transfer Agreement wherein RETELCOM agreed to sell and transfer 560,000,000 common shares, representing 37.33% ownership interest of the Company's voting shares in favor of MENLO. On February 20, 2018, the Subcommittee on Oversight (Legislative Franchise) (the "Subcommittee") of the House of Representatives conducted a public hearing on the alleged sale of the Company's ownership interest to MENLO without Congressional approval. Pursuant to Section 14 of RA No. 10894, a franchise grantee shall not sell its controlling interest without the prior approval of the Congress of the Philippines.

The Company submitted a Position Paper on March 7, 2018 followed by a Supplemental Position Paper on March 21, 2018 to clarify all concerns on the compliance by the Company of the provisions of its franchise. As at the date of the approval of these financial statements, the Company has yet to receive any response or resolution from the Subcommittee on Oversight (Legislative Franchise). The inquiry was made in 2018 during the term of the 17th Congress. The case was neither revived nor pursued in the 18th, 19th and the current 20th Congress.

Moreover, the enactment of Republic Act No. 12234 or the Konektadong Pinoy Act removed the requirement of having a congressional franchise to operate and establish a telecommunications network. This legislative development effectively mitigates any uncertainty arising from the congressional inquiry and, at the same time, expands opportunities in data transmission services, thereby enhancing the Company's operational resilience and reinforcing its long-term viability.

Considering all these factors and the applicable laws involved in the inquiry, the management, in consultation with its legal counsel, has assessed that this matter will not have an impact on the Company's operations.

Licenses with the National Telecommunications Commission (NTC)

The Company has various Certificates of Public Convenience and Necessities (CPCNs) granted by the NTC which enable the Company to (a) provide data communications (Datacom) services, (b) implement its expansion and improvement programs covering among others the installation, operation, and maintenance of an integrated digital network in the National Capital Region (NCR), and (c) install, operate and maintain a national packet data network with the accompanying authority to charge rates for said services.

Aside from the NTC-authorized Datacom services, the Company was granted a CPCN that enables the Company to participate in the government's liberalization of the telecommunications industry as mandated under Executive Order (EO) No. 109. While beforehand the Company was already operating as an inter-exchange carrier pursuant to the NTC Case No. 90-129 which enabled the Company to provide inter-exchange trunk facilities to connect with local exchange carriers (LEC) and public calling offices for long distance toll service, the said EO 109 thereafter enabled the Company to become a LEC operator authorized under NTC Case No. 94-022. As a LEC operator, the Company was granted Region IV-A comprising of the provinces of Aurora, Laguna, Marinduque, Quezon, Rizal, and Romblon for LEC services. The Company, along with its related party, Capitol Wireless, Inc. (CWI), has been granted the CPCN to establish, operate and maintain international gateway facilities to/from foreign countries as authorized under NTC Case Nos. 93-144 and 94-022.

On January 16, 2026, the NTC issued an Order approving the Company's application to upgrade its existing CPCNs. The Company's application for additional service areas to complement the Company's plan of nationwide network rollout is still pending with the NTC as at the date of the approval of these financial statements.

The Company is also registered as a value-added service (VAS) provider with the NTC which allows the Company to offer internet access service; virtual private network, electronic mail service, messaging services, web hosting, electronic commerce, firewall service, e-learning, business application, network security, business resiliency, and data analytics. The Company's VAS license is valid until September 5, 2026.

Status Shares Listing in the Philippine Stock Exchange (PSE)

On January 10, 1990, the Company listed its common shares in the PSE. On December 10, 2004, the Company requested the voluntary suspension of the trading of its shares which was approved by the PSE on December 13, 2004. The Company, however, continues to comply with the reportorial requirements of the SEC, the PSE, and the Bureau of Internal Revenue (BIR).

In 2017, the Company requested for the lifting of the voluntary suspension of the trading of its shares with the PSE. Accordingly, the Company submitted an Amended Registration Statement and other required reports to the Markets and Securities Regulation Department (MSRD) of the SEC.

After the Company's full compliance with the SEC requirements, the Company Registration and Monitoring Department of the SEC issued a certification relating to the Company's good standing with the SEC on April 29, 2021. Subsequently, the MSRD issued an Order dated August 4, 2021, lifting the suspension of the Company's Registration Statement.

The trading of the Company's shares with PSE remains suspended in view of the ongoing Corp Rehab and the pending appeal with the Supreme Court (SC) involving the validity of the Company's Corp Rehab Plan.

Status of Corporate Rehabilitation

On August 20, 2009, the Company, RETELCOM, Philippine Wireless, Inc. (PWI), CWI, and Wavenet Philippines, Inc. (WPI) collectively referred to as the "RETELCOM Group" jointly filed a petition for Corporate Rehabilitation and Suspension of Payments pursuant to the Rules of Procedure on Corporate Rehabilitation (A.M. No. 00-8-10-SC). On August 24, 2009, the rehabilitation court (Rehab Court) issued an order staying enforcement of all claims, whether for money or otherwise against the RETELCOM Group (Stay Order) and appointing a rehabilitation receiver (Rehab Receiver).

On April 1, 2011, the Rehab Court approved the RETELCOM Group's Corp Rehab Plan which was immediately executory. However, during the same year, certain creditors whose claims constitute a minority of the Company's total liabilities, filed before the Court of Appeals (CA) a petition assailing the Rehab Court's approval of the Corp Rehab Plan. On May 19, 2017, the CA rendered a decision reversing the Rehab Court's approval of the Company's Corp Rehab Plan. On December 4, 2017, the RETELCOM Group filed a Petition for Review before the SC. The result of the said review, however, is still pending with the SC as at the date of approval of these financial statements.

On July 27, 2018, the Company requested the Rehab Court that it be allowed to exit from rehabilitation subject to certain requirements which was approved by the Rehab Court on August 6, 2018. These requirements include, among others, the increase of the authorized capital stock which will allow the Company to settle its liabilities through debt-to-equity conversion as mandated by the approved Corp Rehab Plan.

On November 3, 2023, the SEC approved the Company's increase in authorized capital stock to accommodate the debt-to-equity conversion of deposits for future stock subscriptions amounting to ₱8,709.6 million in accordance with the Corp Rehab Plan and partially settled its statutory obligations, salaries, wages and other employee benefits out of its escrow accounts as of December 31, 2023.

Under the Corp Rehab Plan, however, the Company still has to request for a temporary exemptive relief from the SEC under the Securities Regulation Code (SRC) Rule 72.2, and the PSE to lift the suspension of the trading of the Company's common shares, without any sanctions or penalties, and for the Company to comply with all the applicable rules and regulations of the SEC and PSE so that the trading of all the authorized shares of the Company shall not in any way be suspended or restricted except as provided by law. Moreover, the Company has to enroll and list all its authorized redeemable shares as freely "tradable" shares with the PSE.

In the meantime, the Company is directed under the Corp Rehab Plan to sell any of its assets and use the proceeds to settle its liabilities classified as statutory obligation including unpaid wages and other benefits due to its employees. All unpaid obligations to claimants covered by the Corp Rehab Plan are subject to legal interest of 6% from the approval of the Corp Rehab Plan until full payment.

On April 7, 2026, the Company filed for a motion before the Rehabilitation Court to amend its Corp Rehab Plan. Under the proposed amendment to the Corp Rehab Plan, the Company will sell its non operating assets with an estimated value of ₱528.1 million and apply the proceeds to settle its outstanding obligations.

Status of Operation

The Company has incurred a deficit of ₱11,592.2 million and ₱11,646.7 million as at December 31, 2025 and 2024, respectively, because of significant operating losses incurred in prior years and had been under Corp Rehab. These factors indicate a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern.

As at December 31, 2025 and 2024, the Company sustained a positive equity of ₱149.8 million and ₱62.4 million respectively, arising mainly from a debt-to-equity conversion in 2023. It has generated a net income of ₱54.5 million and ₱18.3 million in 2025 and 2024, respectively. The Company has also partially settled its statutory obligations, salaries, wages and other employee benefits using its escrow accounts as at December 31, 2025 and 2024.

To further improve its financial position and sustain operations, the Company expanded its digital infrastructure network and diversified its service offerings through a combination of own build and strategic partnerships.

To expand its fiber footprint, achieve incremental connectivity targets and reduce maintenance costs, the Company also completed notable infrastructure projects such as, node and building ports utilization, fiber upgrade, and pole attachments and access cable rehabilitation to expand customer base.

The Company also engaged the services of one of the world's largest financial advisory groups to raise funds for the Company's network expansion and roll-out.

Joint Venture (JV) Agreement

On August 6, 2024, the Company entered into a JV agreement with Netlinkz Global Services (Aust & NZ) PTY Limited, a company organized and existing under the laws of Australia, to form a joint venture company in the Philippines. On November 27, 2024, the joint venture company was incorporated under the operating name of SecureLink Networks Incorporated (SecureLink). The authorized capital stock shall be the Philippine Peso equivalent of USD 475,000 or ₱26.7

million, divided into ₱1.00 par value a share.

Under the JV agreement, the Company will own 51% equity ownership of the joint venture in exchange for service, property and other operating expenses during the operational transition period equivalent to ₱13.6 million or USD 242,000. Netlinkz Global Services (Aust & NZ) PTY Limited, on the other hand, will own 49% equity ownership for a cash consideration of ₱13.1 million or USD 233,000. In 2025, the Company made noncash capital contributions included as part of 'Due from related parties' as at December 31, 2025, pending valuation of services rendered subject to SEC approval as at reporting date.

On December 12, 2025, the Company executed a Deed of Assignment to transfer 293,854 shares representing 1.1% equity interest held in SecureLink to Netlinkz. As a result of the assignment, PT&T's ownership interest in SecureLink decreased to 49.9%, while Netlinkz ownership interest increased to 50.1%. This strategically realigns the equity structure of SecureLink by allowing Netlinkz to assume majority ownership. This realignment is expected to facilitate growth initiatives, enhance technology partnerships, and strengthen SecureLink's positioning in the cybersecurity and digital infrastructure sectors while allowing PT&T to retain a significant minority interest.

SecureLink is engaged in the provisioning of enterprise-grade cybersecurity solutions and managed connectivity services to Philippine enterprises. This joint venture will serve as the Philippines' hub for Netlinkz' cutting-edge products, featuring the advanced Virtual Secured Network Plus (VSN+). Additionally, it will leverage on the availability of broadband connectivity provided by smaller, portable and mobile satellite dishes offering broadband internet to previously inaccessible regions. Through this partnership, enterprises throughout the country, particularly in areas historically underserved by traditional fibre internet providers, will gain access to this high-speed, low-latency connectivity with enterprise grade network security. The Company will offer Starlink services which include, the Starlink kit, enterprise solutions for fixed broadband services, mobile application, maritime and data volume-based services. The joint venture will expand and solidify the market base for Starlink services in the Philippines. SecureLink secured a Value-Added Service License (VAS License) from the NTC on June 26, 2025 and is valid until June 25, 2030.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Basis of Preparation and Statement of Compliance

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards issued and approved by the Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

Measurement Bases

The financial statements are presented in Philippine Peso (Peso), which is the Company's functional currency. All values are stated in absolute amounts, except when indicated. The financial statements of the Company have been prepared on the historical cost basis, except for the following accounts:

- land measured at revalued amount;
- investment in equity securities measured at fair value;
- lease liabilities initially measured at the present value of future lease payments; and
- retirement benefit liabilities measured at the present value of estimated future cash outflows.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset or the fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows.

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

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

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

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. The adoption of the amended PFRS Accounting Standards, which are effective as at January 1, 2025, did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

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

Relevant amendments to PFRS Accounting Standards, which is not yet effective as at December 31, 2025 and have not been applied in preparing the financial statements, are summarized below:

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

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as requiring additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11-
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.
 - Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to 'transaction price as defined by PFRS 15, *Revenue from Contracts with Customers*' to 'the amount determined by applying PFRS 15' to remove potential confusion. Earlier application is permitted.

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

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

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

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

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

Financial Assets

In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

The Company's does not have financial assets measured at FVPL.

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

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

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

This category includes cash, receivables (excluding advances to suppliers), due from related parties and refundable security deposits.

Financial Asset at FVOCI. Financial Asset at FVOCI which are not held for trading may be irrevocably designated at initial recognition under the FVOCI category.

Financial assets at FVOCI are initially measured at fair value plus transactions costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized gains or losses recognized under "Other comprehensive income" account in the equity section of the statements of financial position.

These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative valuation gains or losses will be reclassified to retained earnings. Dividends earned on these equity securities are recognized in profit and loss upon declaration.

Classified under this category is the investment in equity shares which is being traded in the PSE.

Impairment. The Company recognizes an allowance for expected credit loss (ECL) for all debt instruments not measured at FVPL. The expected credit loss is 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. The difference is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flow from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company has applied the simplified approach in measuring ECL. A simplified approach requires that ECL should always be based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both are current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

For other financial assets at amortized cost, the Company applies the general approach in measuring the expected credit losses. The Company assessed that cash is deposited with reputable counterparty banks that possess good credit ratings. For notes and other receivables, the Company considered the financial capacity of the debtor to pay when the credit becomes due and demandable. For security deposits, the Company considered the financial capacity of the counterparties to refund the deposits once the agreement has been terminated.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there are no reasonable expectations of recovering the contractual cash flows.

The Company reassesses the ECL on financial assets at amortized cost every reporting date.

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

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

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

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

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

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

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

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

Financial Liabilities

Classification. The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost, (b) financial liabilities at FVPL.

As at reporting date, the Company does not have financial liabilities measured at FVPL.

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

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

Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

This category includes trade and other payables (excluding non-refundable other payables and contract liability), loans payable, due to related parties and lease liabilities.

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

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its

contractual obligation, the obligation meets the definition of a financial liability.

Contract Balances

Contract Assets. A contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets are reclassified to trade receivables when payment from the customers becomes due.

Contract Liabilities. A contract liability represents the Company's obligation to transfer goods to a customer for which the Company has received consideration from the customer. Contract liabilities are recognized as revenue when the Company performs its obligations under the contract.

Property and Equipment

Property and equipment (except land) are stated at cost less accumulated depreciation and any accumulated impairment in value. Cost includes expenditures that are directly attributable to bringing the property and equipment to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year 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 costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

Land is initially recognized at cost. Subsequent to initial recognition, land is measured at revalued amounts, which represent fair value at date of revaluation less any accumulated impairment in value.

Construction-in-progress, which includes acquisition cost, installation and other direct costs, is stated at cost and is not depreciated until such time that the relevant assets are installed and put not operational use. Construction-in-progress is reclassified to a specific asset category when the installation and other related activities necessary to prepare the assets for its intended use are completed and the assets are available for use.

Valuations are performed frequently enough to ensure that the fair value of a revalued property and equipment does not significantly differ from its carrying value. The increase of the carrying value of the land as result of a revaluation is credited directly to other comprehensive income under "revaluation surplus" account, unless it reverses a revaluation decrease previously recognized as an expense, in which case it is credited in statements of loss. A revaluation decrease is charged directly against any related revaluation surplus, with any excess being recognized as an expense in profit or loss.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the property and equipment. The useful life of each of the Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets.

Estimated useful lives of the Company's property and equipment are as follows:

	Number of Years
Buildings and improvements	25
Telecommunications equipment:	
Cable and wire facilities	14
Network equipment	5
Other work equipment	5

The carrying amounts of the assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The assets' useful lives and depreciation methods are reviewed periodically, and adjusted if appropriate, at each reporting year-end.

Fully depreciated assets are retained as property and equipment until they are no longer in use.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss in the year the item is derecognized.

Investment Properties

Investment properties are carried at cost and any impairment in value. When the investment properties are sold or retired, the cost less any impairment in value is eliminated from the accounts and any resulting gain or loss is recognized in profit or loss.

The carrying amounts of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property, the deemed cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Company as owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when permanently withdrawn from use and no future economic benefit expected from the disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Advances to Suppliers

Advances to suppliers are recognized at cost. These are advance payments for purchase of supplies and services which will be applied against the subsequent billings.

Other Assets

Creditable Withholding Tax (CWT). CWT represents the amount withheld by the Company's customers in relation to its income. CWT is deducted from income tax payable in the same year the revenue was recognized. CWT in excess of income tax payable are carried forward to the succeeding year.

Prepayments. Prepayments are expenses paid in advance and recorded as an asset before these are utilized. These are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than twelve months or within the normal operating cycle. Prepayments are classified as current asset when the cost of goods or services related to the prepayment 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.

Plant Supplies. Plant supplies are stated at cost less accumulated impairment in value, if any. Cost of plant supplies comprise all costs of purchase and other costs incurred in bringing the plant supplies to their present location and condition. A regular review is undertaken to determine the extent of any provision for obsolescence. The Company provides allowance for impairment losses when the asset becomes obsolete.

Deposit. Deposit is recognized at cost. This is a non-refundable down payment made for future acquisition of capital asset which will be applied as part of payments upon execution of sale.

Software and Licenses. Software and licenses are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, which does not exceed five (5) years.

Software and licenses with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the profit or loss in the expense category that is consistent with the function of the intangible assets.

Software and licenses are derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the profit or loss.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Any impairment loss is recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Deposits for Future Stock Subscription

Deposits for future stock subscription represent funds received from existing and/or prospective stockholders or liabilities converted by the Company to be applied as payment for stock subscription on unissued shares or shares from the increase in authorized capital stock.

Under Financial Reporting Bulletin No. 6 as issued by the Philippine SEC, the Company shall classify a contract to deliver its own equity instruments under equity as a separate account from outstanding capital stock, if and only if, all of the following elements are present as at reporting date:

- a. The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- b. There is BOD and stockholders' approval on the proposed increase in the authorized capital stock (for which a deposit was received by the corporation);
- c. There is stockholders' approval of the proposed increase; and
- d. The application for the approval of the proposed increase has been filed with the Philippine SEC.

If the above conditions are not met, the "Deposits for future stock subscription" is presented as a noncurrent liability.

Value-Added Tax (VAT)

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

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

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

The net amount of VAT payable to the taxation authority is included as part of “Statutory liabilities” account in the statements of financial position.

Equity

Preferred Stock. Preferred stock is classified as equity if it is non-redeemable, or redeemable only at the option of the Company, and any dividends are discretionary at the option of the Company. Dividends thereon are recognized as distributions upon approval by the BOD of the Company.

Common Stock. Common stock is measured at par value of the issued common shares.

Additional Paid-in Capital (APIC). APIC represents proceeds and/or fair value of considerations received in excess of par value of the issued shares. Transaction costs directly attributable to the issuances of capital stock are recognized as a deduction from APIC.

Deficit

Deficit represents the accumulated results of operations of the Company.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises items of income and expenses (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the year. This pertains to the revaluation surplus, cumulative remeasurement gains on retirement benefits liability and cumulative unrealized losses on financial asset at FVOCI.

Earnings (Loss) Per Share

Basic. Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to ordinary stockholders of the Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares.

Diluted. Diluted earnings (loss) per share is calculated by dividing the net income (loss) attributable to ordinary stockholders of the company by the weighted average number of common shares outstanding, adjusted for any stock dividends declared during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all potentially dilutive common shares during the period.

Revenue Recognition

Revenue from Contract with Customers

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

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The Company’s revenue from contracts with customers generally includes broadband internet access service contracts which are either offered separately or bundled with other services, information technology services and other services.

Broadband internet access services ranging from shared access to fully redundant (first to last mile) high availability service. These include fiber optic dedicated internet, e-line or shared broadband internet, wireless dedicated or shared broadband access and customized and value-added services.

Services may be rendered separately or bundled with other services. The specific recognition criteria are as follows:

Service arrangements may include fixed monthly charges (including excess of consumable fixed monthly service fees)

generated from fixed line and other network services primarily through broadband and leased line services, which the Company recognizes on a straight-line basis over the customer's subscription period. Services provided to customers are billed throughout the month according to the billing cycles. Services availed by customers in addition to these fixed fee arrangements are charged separately at their stand-alone selling prices and recognized as the additional service is provided or as availed by the customers.

Installation fees for services are not capable of being distinct from the sale of modem since the customer obtains benefit from the combined output of the installation services and the device and is recognized upon delivery of the modem and performance of modem installation. The related incremental costs are recognized in the same manner in the statements of loss, if such costs are expected to be recovered.

Revenues from shared lines or shared access are recognized net of content provider's share in revenue. Revenue is recognized upon service availment. Revenue from server hosting, co-location services, and customer support services are recognized at point in time as the services are performed.

Upon signing of the subscription agreement, customers are required to make payments equivalent to 2 months advance and 1 month deposit of internet broadband monthly subscription fee. These customers' deposits are refundable and/or to be applied to unpaid receivables of the customers. The Company recognized these advance payments and deposit as contract liability and "Customers' deposits" as part of liabilities.

The Company also provides IT services and products from IT infrastructure, applications, network security, and others.

Revenue from sales of IT infrastructure is recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery of the equipment or software at the customer's location. Revenue from services is recognized when the service to the customer is performed, generally via milestone achievement.

Other Sources of Revenue

The following specific recognition criteria must be met before revenue is recognized:

Other Income. Other income is recognized when there is an incidental economic benefit that will flow to the Company through an increase in assets or reduction in liability and that can be measured reliably.

Cost and Expenses Recognition

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

Cost of Services. Cost of services are direct costs incurred in relation to broadband services and installation of software licenses. These are recognized as the services are rendered.

Cost of Sales. Cost of sales mainly pertains to purchase of software licenses. These are generally recognized when related goods are sold.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business and costs incurred to sell and market the services. These are expensed as incurred.

Interest Expense. Interest expenses arising from borrowed funds are recognized in profit or loss using the effective interest method.

Employee Benefits

Short-term Benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Retirement Benefits. The Company has a noncontributory defined benefit plan covering all qualified employees. The retirement liability is determined by using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising current service costs and interest costs in profit or loss.

Current service costs pertain to the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Interest on the retirement liability is the change during the period in the retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability. Interest is calculated by applying the discount rate to the retirement liability.

Remeasurements comprising actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

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

Leases

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

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

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Company also assesses whether a contract contains a lease for each potential separate lease component.

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

For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Company will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Company measures ROU assets at cost, which is comprised of the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets.

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

Lease payments included in the measurement of a lease liability consist of 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 by the lessee under residual value guarantees; 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.

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

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

Income Taxes

Current Tax. Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the end of the reporting period.

Deferred Tax. Deferred tax is provided on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) to the extent probable that there will be a taxable profit against which deductible temporary differences can be utilized, whereas deferred tax liabilities and for all taxable temporary differences, except when the deferred tax asset or liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at tax rates expected to apply to the year when the assets are realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the end of the reporting period.

Income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

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

Related Party Relationships and Transactions

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

A related party transaction is a transfer of resources, services or obligation between a reporting entity and a related party.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When some or all the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

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

3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of the financial statements in compliance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect the amounts reported in the financial statements. The judgment, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

Judgment

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

Assessment of the Company's Ability to Continue as a Going Concern. The Company has incurred recurring losses that resulted to a deficit amounting to ₱11,592.2 million and ₱11,646.7 million as at December 31, 2025 and 2024, respectively, because of significant operating losses incurred in prior years and had been under Corp Rehab. These factors indicate material uncertainties which may cast a significant doubt on the Company's ability to continue as a going concern.

The Company has successfully generated a net income of ₱54.5 million and ₱18.3 million in 2025 and 2024, respectively, by undertaking various initiatives. To further improve its financial position and sustain operations after the end of its Corp Rehab period, the Company expanded its digital infrastructure network and diversified its service offerings through a combination of own build and strategic partnerships.

As at December 31, 2025 and 2024, the Company sustained a positive equity of ₱149.8 million and ₱62.4 million respectively, arising mainly from debt-to-equity conversion in 2023. The Company has partially settled statutory obligations, salaries, wages and other employee benefits using its escrow accounts as at December 31, 2025 and 2024.

Moreover, on April 7, 2026, the Company filed for an amendment of its Corp Rehab with the Rehab Court as discussed

further in Note 1.

Management has assessed that the Company can continue to operate on a going concern basis.

Recognition of Revenue. The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

1. *Identifying Performance Obligations.* The Company identifies performance obligations by considering whether the promised services in the contract are distinct services. A service is distinct when the customer can benefit from the service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the service to the customer is separately identifiable from the other promises in the contract.

Revenues earned from multiple element arrangements offered by the Company's fixed line and wireless businesses are split into separately identifiable performance obligations based on their relative stand-alone selling price in order to reflect the substance of the transaction. The transaction price represents the best evidence of standalone selling price for the services the Company offers since this is the observable price being charge if the services are sold separately.

2. *Timing of Revenue Recognition.* The Company recognizes revenue from contracts with customers over time or at a point in time depending on the evaluation of when the customer obtains control of the promised services and based on the extent of progress towards completion of the performance obligation. For the telecommunication service which is generally provided over the contract period of two years, because control is transferred over time, revenue is recognized monthly as the Company provides the service.
3. *Identifying Methods for Measuring Progress of Revenue Recognized Over Time.* The Company determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

Revenue from telecommunication services is recognized through the use of input method wherein recognition is over time based on the customer subscription period since the customer simultaneously receives and consumes the benefits as the seller renders the services.

Classification of Preferred Stock. The Company has preferred shares which are redeemable and convertible at the option of the Company and there and there are no defined period or date over which redemption can take place.

Management has assessed that the preferred shares should be classified as equity as there are no defined period over which conversion or redemption can take place and the Company has control that no preferred shareholders will convert or redeem the shares in the foreseeable future. Moreover, the Company should list its authorized redeemable preferred shares as freely "tradable" shares with the PSE pursuant to the Rehab Order.

The Company filed for a motion before the Rehabilitation Court to amend its Corp Rehab Plan. Under the proposed amendment to the Corp Rehab Plan, the Company will sell its non-operating assets with an estimated value of P=528.1 million and apply the proceeds to settle its outstanding obligations, including liabilities converted to "Preferred 2" Serial and Redeemable Shares in 2023. The implementation of this particular amendment in the Corp Rehab Plan is subject to the approval of the SEC.

Assessment of the Lease Term of Contracts with Renewal and Terminal Options – The Company as a Lessee. The Company determined the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement of date, the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew

or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company included the renewal period as part of the lease term for leases of office premises network equipment, and service vehicles with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew these leases because there will be a significant negative effect on production if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Distinction between Property and Equipment and Investment Properties. The Company determines whether a property qualifies as property and equipment or an investment property. In making this judgment, for investment properties, the Company considers whether the property generates cash flows largely independent of the other assets and is held primarily to earn rentals or for capital appreciation. Property and equipment are held for use in the supply of services or for administrative purposes. The Company considers each property separately in making its judgment.

Legal Contingencies. The Company is involved in certain legal proceedings which are ongoing or pending decision by the proper judicial or regulatory bodies. Management, in consultation with legal counsels handling these matters, believes that the outcome of these proceedings will be resolved favorably and will not have significant effect on the financial statements.

Estimates and Assumptions

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

Assessment of the Impairment of Financial Assets at Amortized Cost. In assessing ECL, the Company uses historical credit loss experience adjusted for forward-looking factors, as appropriate. For trade receivables, ECL is computed on a lifetime basis using a provision matrix. For other financial assets at amortized cost, ECL is computed on a 12-month or lifetime basis using historical loss experience determined based on the default accounts.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information. A significant increase in credit risk can be measured by comparing the probability of default of the borrower from the initial recognition and the result of the current probability of default. When the result shows an upward movement of the probability of default, the change is considered as a significant increase in credit risk.

While cash is subject to impairment, the Company has assessed that the ECL is not material because these are transacted with reputable banks that possess good credit ratings. The Company has also assessed that the Company's trade and other receivables and security deposits have minimal credit risk.

Determining the Fair Value of Land at Revalued Amount Presented Under "Property and Equipment" Account and Land at Cost Presented Under "Investment Properties". The Company uses the revaluation model for the subsequent measurement of its land presented under "Property and equipment" account and discloses the fair value of investment properties accounted for at cost. In making its judgments, the Company takes into account the highest and best use of these properties that is physically possible, legally permissible and financially feasible.

The Company engaged an independent appraiser to determine the fair values of these assets as at December 31, 2025. The independent valuation reports indicate that the fair value of these properties were determined using Market Approach method which considers the sales of similar or substitute properties and related market data, then establishes a value estimate by processes involving comparison. Value adjustments were made to bring comparative values in approximation to the properties taking into account internal factors such as marketability, location and development.

Estimation of Retirement Benefits. The costs of defined retirement benefits as well as the present value of the provision for retirement benefits are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, retirement benefits liability is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit retirement liability.

Assessment of the Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- significant underperformance of a business in relation to expectations.
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Recoverable amount represents value in use, determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Management has assessed that there were no indications that the Company's nonfinancial assets are not recoverable as at reporting date; hence, no impairment loss was recognized in 2025, 2024 and 2023.

Assessment of the Realizability of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces the amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized in the future. The amount of deferred tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Estimation of Provisions and Contingencies on Legal Proceedings. The Company is currently involved in various legal proceedings which are pending resolution in view of the Company's ongoing Corp Rehab. The estimate of the probable costs for the resolution of these claims has been developed in consultation with in-house and outside counsels handling the Company's defense in these matters and is based upon an analysis of potential results. The Company's management and legal counsels have made judgment that, while the proceedings are legally defensible, they cannot anticipate with certainty the progress and the outcome of the legal proceedings, the appreciation of the available evidence by the relevant courts or tribunal involved and the evolution of jurisprudence or similar cases that will be decided by the highest court, which will be relevant to these pending cases. The Company currently assessed that these proceedings will not have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

No provisions were made in relation to these ongoing legal proceedings as at December 31, 2025 and 2024.

Estimation of Accrued Interest Based on Court-Approved Rehab Plan. The Company determines the accrued interest based on the outstanding balance of its unpaid obligations to all claimants listed in the Corp Rehab Plan. These obligations are subject to 6% legal interest in accordance with the court-approved Rehab Plan. The management believes that the accrued interest recognized by the Company is reasonable and appropriate following the interpretation of the court-approved Rehab Plan.

4. CASH

	March 31, 2026	December 31, 2025
Cash on hand	345,000	345,000
Cash In banks	7,331,750	14,667,867
	7,676,750	15,012,867

Cash in banks earn interest at prevailing bank deposit rates.

5. RECEIVABLES - net

	March 31, 2026	December 31, 2025
Trade receivables		
Third parties	171,970,829	150,334,078
Related party	28,508,294	27,647,203
Advances to suppliers	14,677,636	8,481,731
Contract asset	770,452	770,452
Others	12,554,561	10,595,227
	228,481,773	197,828,691
Allowance for ECL	(84,716,487)	(84,716,486)
	143,765,28	113,112,205

Trade receivables are unsecured, noninterest-bearing and are normally collected within 30-60 days' terms.

Advances to suppliers pertain to advance payments for promotional materials, and IT solutions, networks and telecommunications, and will be applied against the subsequent billings.

Contract assets arise from the Company's sale of broadband service contracts bundled with software licenses or gadgets wherein the Company has established its right to consideration in exchange for software gadgets already delivered to the customers before payments are due.

Other receivables mainly pertain to receivables from pole rental which are unsecured, noninterest bearing and are normally collected within 30 to 60 days.

Movements in allowance for ECL of receivables are as follow:

	Trade receivables	Other receivables	Total
Balance at December 31, 2024	75,741,760	70,139	75,811,899
Provision for ECL for the year	8,904,587	-	8,904,587
Balance at December 31, 2025	84,646,347	70,139	84,716,486

6. Other Assets**Current**

This account consists of:

	March 31, 2026	December 31, 2025
CWT	26,644,690	23,165,750
Prepayments	2,955,605	2,916,100
	29,600,295	26,081,850

CWT pertains to taxes withheld by the Company's customers and can be utilized as payment for income taxes subject to the prevailing tax rules.

Prepayments pertain to unamortized portion of software licenses, marketing fees, association dues, registration fees, and insurance.

Noncurrent

This account consists of:

	March 31, 2026	December 31, 2025
Plant supplies	87,410,149	88,862,308
Deposit	23,266,667	23,266,667
Refundable security deposits	16,179,225	16,179,225
Software and licenses	7,308,090	7,681,890
Financial asset at FVOCI	215,460	215,460
	134,379,591	136,205,550

Plant supplies pertain to cables and wires used for the installation network facilities which are carried at cost and these will be capitalized as part of property and equipment upon installation. No provision for impairment was recognized in 2025, 2024 and 2023.

Deposit pertains to down payments made for possible purchase of a capital asset which will be applied as part of purchase price upon execution of the acquisition.

Movements of software and licenses are as follows:

	March 31, 2026	December 31, 2025
Cost		
Balance at the beginning of the year	13,934,542	7,476,000
Additions	-	6,458,542
Balance at the end of year	13,934,542	13,934,542
Accumulated Amortization		
Balance at the beginning of year	6,252,652	4,542,167
Amortization	373,800	1,710,485
Balance at the end of year	6,626,452	6,252,652
Carrying Amount	7,308,090	7,681,890

Financial asset at FVOCI pertain to investment in shares which is being traded in the PSE. The fair values of the financial assets are determined by reference to published price quotations in an active market and has been categorized as Level 1. Cumulative unrealized losses on financial asset at FVOCI amounted to ₱0.3 million as at December 31, 2025 and 2024.

Dividend income from the financial asset at FVOCI amounted to ₱16,245, ₱8,550 and ₱18,468 in 2025, 2024 and 2023, respectively.

7. PROPERTY AND EQUIPMENT AT COST

March 31, 2026	Network Equipment	Cable and Wire Facilities	Other work equipment	Buildings & improvements	Total
Cost:					
Balance at beginning of year	262,428,731	314,252,346	67,759,340	35,528,142	679,968,559
Additions	55,314	1,411,732	342,809	-	1,809,855
Disposals	-	-	-	-	-
Balance as of March 31, 2026	262,484,045	315,664,078	68,102,150	35,528,142	681,778,414
Accumulated depreciation:					
Balance at beginning of year	254,260,483	207,973,353	51,797,599	9,157,413	523,188,847
Depreciation	512,591	2,867,480	1,630,024	276,349	5,286,445
Balance as of March 31, 2026	254,773,073	210,840,833	53,427,624	9,433,762	528,475,292
Net Book Value	7,710,971	104,823,245	14,674,526	26,094,380	153,303,122

Service vehicles, presented under Other Work Equipment, with carrying value of ₱1.5 million and ₱1.7 million as at December 31, 2025 and 2024, respectively, serve as collaterals for bank loans.

In 2024, the Company sold a service vehicle, presented under Other Work Equipment, with a carrying amount of P=1.7 million for ₱2.1 million, resulting to a gain on sale of property and equipment amounting to ₱0.4 million.

The cost of fully depreciated properties still in use amounted to ₱410.4 million and ₱405.7 million as at December 31, 2025 and 2024, respectively.

Land at revalued amount

The Company’s land is measured using the revaluation model. In 2025, the land was revalued by an independent appraiser using the Market Approach method, which considers the sales of similar or substitute properties and related market data, then establishes a value estimate by processes involving comparison.

Details are as follows:

	March 31, 2026	December 31, 2025
Cost	261,690,000	261,690,000
Revaluation Surplus:		
Balance at beginning of year	141,570,000	141,570,000
Addition	30,888,000	30,888,000
Balance at end of year	172,458,000	172,458,000
Revalued Amount	434,148,000	434,148,000

Fair value measurement was categorized as Level 3 and the significant unobservable input in determining fair values for 2025 is discussed as follows:

Price per square meter	₱506,000
Value adjustments	(10%)

In making its judgments, the Company takes into account the highest and best use of the land at revalued amount that is physically possible, legally permissible and financially feasible.

Price per square meter pertains to the estimated value prevailing in the real estate market depending on the location, area and time element. Value adjustments are adjustment made to bring the comparative values in approximation to the properties taking into account internal factors such as marketability, location, terrain, size, shape and development.

Sensitivity Analysis. The following factors were considered in determining the market value of the subject property.

- Property location and neighborhood data;
- Present use of the property is commercial utility;
- Quantitative market value adjustments based on internal factors; and,
- Highest and best use (commercial utility)

Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

As at December 31, 2025 and 2024, there were no transfers between levels in the fair value hierarchy.

8. Investment Properties

The Company’s investment properties carried at cost amounting to ₱30.2 million and ₱40.8 million as at December 31, 2025 and 2024, respectively, consist of land located in NCR, and Regions 3 and 4, which are held for rentals and for capital appreciation.

In 2025, the Company sold investment properties located in Region 4 amounting to ₱10.6 million for ₱20.2 million, resulting to a gain on sale of ₱9.6 million.

In 2023, the Company also sold investment properties costing ₱38.5 million for ₱97.3 million in 2023, resulting to gain on sale of ₱58.8 million.

Fair Value

The fair value of the investment properties based on valuation reports performed by independent appraiser using the Market Approach amounted to ₱64.6 million and ₱88.7 million as at December 31, 2025 and 2024, respectively. Management evaluated that the fair value of investment properties determined on appraisal dates approximates the fair value as at reporting date. Fair value measurement was categorized as Level 3 and the significant unobservable input used in determining fair values for 2025 is discussed as follows

Price per square meter	₱1,529 to ₱30,000
Value adjustments	(5%) to (15%)

Price per square meter pertains to the estimated value prevailing in the real estate market depending on the location, area and time element. Value adjustments are adjustments made to bring the comparative values in approximation to the properties taking into account internal factors such as marketability, location, terrain, size, shape and development.

Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

9. Trade and Other Payables

	March 31, 2026	December 31, 2025
Trade	266,277,833	278,559,303
Customers' deposits	38,696,151	40,660,383
Advances from customers	40,118,074	32,934,293
	345,092,059	352,153,979

Trade payables are non-interest-bearing and are settled on a 30 to 120 days' term.

Customers' deposits are refundable upon expiration and/or termination of the subscription.

Advances from customers, equivalent to two months subscription fee, will be applied as payment upon the expiration and/or termination of the subscription.

10. Statutory Liabilities

This account consists of:

	March 31, 2026	December 31, 2025
<i>Covered by Corporate Rehabilitation</i>		
Retirement pay for retired employees	92,678,773	92,678,773
Labor-related	67,012,141	70,001,886
NTC	48,724,945	48,724,945
Social Security System (SSS)	15,101,233	15,101,233
National Home Mortgage Finance Corp. (NHMFC)	1,132,874	1,132,874
Philippine Health Insurance Corporation (PHIC)	35,225	35,225
	224,685,192	227,674,936
<i>Outside Corporate Rehabilitation:</i>		
BIR and other government agencies	211,934,012	206,899,691
NTC	141,153,756	141,098,126
	353,087,768	347,997,817
	577,722,960	575,672,753

Covered by Corp Rehab

As discussed in Note 1, all outstanding obligations covered by the Corp Rehab are subject to legal interest of 6% from the approval of the Plan. Interest expense arising from liabilities covered by the Corp Rehab amounted to ₱13.7 million, ₱16.5 million and ₱21.5 million in 2025, 2024 and 2023, respectively.

As disclosed in Note 1, the Company has been under Corp Rehab since 2011. Pursuant to the Corp Rehab orders, the Company may put on hold the benefits of retired employees for service rendered prior to August 24, 2009 Stay Order. As at December 31, 2025 and 2024, the Company has outstanding liabilities attributable to retirement pay of retired employees amounting to ₱92.7 million and ₱93.7 million, respectively.

Labor-related liabilities pertain to unpaid salaries and wages of employees, and National Labor Relations Commission fees. Starting March 2025, the Company is following a monthly settlement plan of labor-related claims of former employees.

NTC represents unpaid Supervision and Regulation Fee and Spectrum User Fees charged by the NTC to a telecommunications company with a valid legislative franchise.

HDMF, SSS, PHIC and NHFMC pertain to unremitted employer and employees' contributions.

In 2025, management assessed that no further claims will be made against the Company resulting to the reversal of the statutory liabilities and related accrued interest payable to PHIC and HDMF aggregating to ₱42.2 million.

Outside Corp Rehab

Statutory obligations outside the Corp Rehab are current obligations payable to regulatory agencies. These are usually settled within the succeeding month.

11. Loans Payable

Loans from Bank

The Company obtained loans from a local bank to finance the purchase of transportation equipment. These loans generally have a five-year term and bear annual interest rates ranging from 11% to 19% in 2025 and 2024.

The carrying value of service vehicles pledged as collaterals for the loan amounted to ₱1.5 million and ₱1.7 million as at December 31, 2025 and 2024, respectively.

Interest expense recognized related to the loans amounted to ₱70,063, ₱0.3 million and ₱0.5 million in 2025, 2024 and 2023, respectively.

Loans from a Related Party

In 2022, the Company obtained loans from a related party amounting to ₱30.0 million with an interest rate of 8.75% per annum, and payable in equal monthly amortization up to July 2027. The carrying amount of loan from a related party amounting to ₱25.5 million were pre-terminated and fully paid in 2023.

Interest expense recognized related to the loans amounted to ₱1.4 million in 2023.

12. Retirement Benefits Liability

The Company has a noncontributory defined benefit plan covering all regular and permanent employees. The latest actuarial valuation report as at December 31, 2025 is determined using the projected unit credit actuarial cost method.

Retirement benefit cost attributable to key management personnel amounted to ₱7.5 million, ₱7.0 million and ₱7.1 million in 2025, 2024 and 2023, respectively.

13. Equity

Capital Stock

The Company's capital stock is comprised of common and preferred stock, broken down as follows:

	Number of Shares	Amount
Authorized		
Common - ₱1.00 par value	1,500,000,000	1,500,000,000
Preferred Serial Cumulative		
Convertible and Redeemable ₱10.00 par value	230,000,000	2,300,000,000
Preferred (Serial and Redeemable) ₱1.00 par value	8,800,000,000	8,800,000,000
	10,530,000,000	12,600,000,000
Subscribed		
Common	1,500,000,000	1,500,000,000
Preferred 1 (Serial Cumulative)		
Convertible and Redeemable	71,676,358	716,763,500
Preferred 2 (Serial and Redeemable)	8,709,572,093	8,709,572,093
	10,281,248,451	10,926,335,679

Pursuant to the Corp Rehab Plan (see Note 1), in 2021, the BOD and stockholders approved the increase in the Company's authorized capital stock (ACS) from ₱3,800.0 million, divided into 1,500.0 million common stock at ₱1 par value a share and 230.0 million serial, cumulative, convertible and redeemable preferred stock at ₱10 par value a share, to ₱12,600.0 million, divided into 1,500.0 million common stock at ₱1 par value a share, 230.0 million serial, cumulative, convertible and redeemable preferred stock at ₱10 par value a share and 8,800.0 million serial and redeemable preferred stock (Series "A", "B" and "C") at ₱1 par value a share, and debt-to-equity conversion of liabilities into capital stock aggregating ₱9,426.3 million. On November 3, 2023, the SEC approved the increase in the ACS.

Following the SEC's approval of the increase in ACS in 2023, DFFS amounting to ₱8,709.6 million were converted into Preferred 2 shares, while advances from MENLO amounting to ₱371.8 million, the debt-in-possession amounting to ₱215.0 million and DFFS amounting to ₱130.0 million were converted into 71,676,858 Preferred 1 shares, or equivalent to ₱716.8 million.

Preferred 2 (Serial and Redeemable)

As disclosed in Note 1, the Rehab Court required the Company to settle its liabilities through a debt conversion to 12-year serial and redeemable preferred stock, under the following classifications:

Type of Serial and Redeemable Preferred Stock	Type of Obligation
Series "A"	Secured obligations
Series "B"	Unsecured obligations
Series "C"	Obligations to affiliate companies

Details are as follows:

	Number of shares	Amount
Authorized		
Series A	6,750,000,000	₱6,750,000,000
Series B	1,800,000,000	1,800,000,000
Series C	250,000,000	250,000,000
Increase and balance at end of year	8,800,000,000	₱8,800,000,000
Subscribed		
Series A	6,726,392,237	₱6,726,392,237
Series B	1,764,878,303	1,764,878,303
Series C	218,301,553	218,301,553
Subscription and balance at end of year	8,709,572,093	₱8,709,572,093

Preferred 1 (Serial, Cumulative, Convertible and Redeemable)

Preferred 1 shares rights and features are as follows:

1. Has no voting rights or right to be voted except as provided by law.
2. Entitled to cumulative and non-participating dividends.
3. Issued into different series and at different dividend rates as determined by the BOD.
4. Convertible into common shares of any class or any series of preferred stock as determined by the BOD.
5. Redemption period shall be fixed by the BOD and may be re-issued upon redemption as preferred or as common stock at the option of the BOD.

APIC

Movements in the Company's APIC follows:

	2025	2024
Balance at beginning of year	₱629,974,041	₱629,974,041
Stock issuance costs	-	-
Balance at end of year	₱629,974,041	₱629,974,041

Stock issuance costs pertain to the documentary stamp taxes on the subscription of shares in 2023.

14. Basic and Diluted Earnings (Loss) Per Share

Basic earnings per share is calculated by dividing the net income attributable to stockholders of the Company by the weighted average number of ordinary shares in issue during the year/period, excluding ordinary shares purchased by the Company and held as treasury shares.

Earnings per share are as follows:

	March 31, 2026 (Three months)	December 31, 2025 (Twelve months)
Net income	₱18,451,836	₱54,483,084
Weighted average number of common shares for basic and diluted earnings (loss) per share	1,500,000,000	1,500,000,000
Basic and diluted earnings (loss) per share	₱0.012	₱0.036

Preferred 1 shares may be convertible into common shares of any class or any series of preferred stock under terms and in such manner as the BOD may determine. The conversion is not mandatory.

There were no potential dilutive shares in 2025, 2024 and 2023.

15. RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, has the following transactions with related parties:

	Nature of Transaction	Transaction during the year		Outstanding balances	
		2026	2025	2026	2025
Receivables					
Stockholder	Resell of data transport	861,091	₱3,983,971	₱28,508,294	27,647,203
Due from related parties					
Stockholder		5,684,410	₱135,820,061	₱374,016,635	368,332,225
Entities under common control	Advances	4,248,475	34,630,772	46,692,442	42,443,987
				₱420,709,077	410,776,192
Due to related parties					
Stockholders	Advances	-	₱18,324,682	₱16,873,522	17,073,522
Entities under common control		-	22,387,783	125,638,635	110,430,514
				₱142,512,157	127,504,036

Terms and Conditions of Transactions with Related Party

Due To and From Related Parties. Outstanding balances with related parties as at year-end include unsecured, interest and noninterest-bearing, payable on demand and are expected to be settled in cash. Due to entities under common control bear legal interest of 6% a year. Interest expense amounted to ₱1.7 million, ₱1.7 million and ₱12.6 million in 2025, 2024 and 2023, respectively.

Compensation of Key Management Personnel

Compensation for key management personnel of the Company are as follows:

	2025	2024
Short-term employee benefits	₱17,971,699	₱27,086,814
Retirement benefit cost	7,451,560	7,017,363
	₱25,423,259	₱34,104,177

16. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Company's principal financial instruments are cash, trade and other receivables (excluding advances to employees), due from related parties, security deposits, trade and other payables (excluding advance rent and statutory payables), loans payable, lease liabilities and refundable deposits. The main purpose of these financial instruments is to raise funds for the Company's operations. It is the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are liquidity risk and credit risk. The general policies for managing each of these risks are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to its cash in bank and trade and other receivables and due from related parties. The Company has adopted a stringent procedure in extending credit terms to customers and in monitoring its credit risk.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company manages the level of credit risk it accepts through comprehensive credit risk policy setting out assessment and determination of what constitutes credit risk for the Company; setting up exposure limits by each counterparty or group of counterparties, geographical and industry segments; guidelines on obtaining collateral and guarantees; reporting of credit risk exposures and breached to the monitoring authority; monitoring compliance with credit risk policy and review of credit risk policy for pertinence and changing environment.

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

The exposure to credit risk arises from default of the counterparty, with a minimum exposure equal to the carrying amount of its financial instruments.

There are no significant concentrations of credit risk within the Company.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values, or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company manages liquidity through a liquidity risk policy which determines what constitutes liquidity risk for the Company; specifies minimum proportion of funds to meet emergency calls; setting up contingency funding plans; specify the sources of funding and the vents that would trigger the plan, concentration of funding sources; reporting of liquidity

risk exposures and breaches to the monitoring authority; monitoring compliance with liquidity risk policy and review of liquidity risk policy for pertinence and changing environment.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated funds.

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. The Company manages this risk through daily and periodically monitoring of cash flows in consideration of future payment due dates and daily collection amounts. The Company also ensures that there are sufficient, available, and approved working capital lines that it can draw from anytime.

The Company maintains an adequate amount of cash and cash equivalents in the event of unforeseen interruption of its cash collection. The Company also maintains accounts with several relationship banks to avoid significant concentration of cash with one institution.

The aging of the receivables shows that the receivable as of March 31, 2025, of ₱253 million is adequately covered by the provisions.

17. OTHER MATTERS

Seasonality or cyclicity of interim operations

The revenues of the Company that are received seasonally, cyclically, or occasionally within financial year, if any were not anticipated or deferred as of an interim date, hence, such revenues are recognized when they occur.

The nature and number of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

The Company has no items considered unusual because of their nature, size, or incidents that will affect assets, liabilities, equity, net income or cash flows for the period except as already disclosed in Financial Position section of this report, such as the deposit for subscription in accordance with the court-approved rehabilitation plan.

Issuances, repurchases, and repayments of debt and equity securities.

The Company did not issue, repurchase, and repay any debts and equity securities during the period under review.

Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Item 2. Management's Discussion and Analysis and Plan of Operation

Management Discussion and Analysis

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited financial statements and the related notes as at December 31, 2025 and 2024 included elsewhere in this Annual Report. This discussion contains forward-looking statements that reflect our current views with respect to future events and our future financial performance. These statements involve risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements.

In the Company's Annual Stockholders' Meeting held on September 20, 2018, the stockholders approved and ratified the amendment to the Company's By-Laws pertaining to change of accounting period from a fiscal year starting July 1 and ending on June 30 the following to calendar year commencing on January 1 and ending on December 31 of the same year.

Financial Highlights

Segment Reporting

The Company's Statement of Income (Loss) is composed of different segments or lines of business that reflect its products, services and other endeavors. The segments are divided into Fixed Broadband, Information Technology Services and other initiatives which represent the broadband connectivity and IT solutions products offered to its customers, and the Company's other ventures.

	31-Mar-26				31-Mar-25			
(in '000 Philippine pesos)	Broadband Services	IT Services	Others	TOTAL	Broadband Services	IT Services	Others	TOTAL
REVENUES¹	104,808	-	-	104,808	109,481	32,033	-	141,514
OTHER INCOME	-	-	1,046	1,046	-	-	541	541
	104,808	-	1,046	105,854	109,481	32,033	541	142,055
Core expenses								
SG&A ²	61,976	-	-	61,976	73,214	10,084	-	83,298
Leased channel	9,545	-	-	9,545	3,453	-	-	3,453
Cost of sales	1,627	-	-	1,627	10,903	26,304	-	37,207
CORE EXPENSES	73,148	-	-	73,148	87,570	36,388	-	123,958
CORE EBITDA	31,660	-	1,046	32,706	21,911	-4,355	541	18,097
CORE EBITDA %	31%	-	100%	31%	20.01%	-13.59%	100.00%	12.74%
Depreciation	10,586	-	-	10,586	10,818	-	-	10,818
Interest expense	517	-	-	517	725	-	-	725
CORE EARNINGS	20,557	-	-	21,603	10,368	-4,355	51	6,554
Non-core charges								
Penalties and fines	4	-	-	4	-	-	-	-
Rehab interest expense		-	3,147	3,147	-	-	1,908	1,908
NON-CORE CHARGES	4	-	3,147	3,151	-	-	1,908	1,908
TOTAL EARNINGS (LOSSES)	20,553	-	-2,101	18,452	10,368	-4,355	-1,367	4,646
Income tax expense/benefit					-	-	-	-
NET INCOME (LOSS)	21,599	-	-2,101	18,452	10,368	-4,355	-1,367	4,646

¹Revenue allocation among segments has been adjusted in the prior years to improve comparability

²SG&A channel allocation among segments has been adjusted in the prior years to improve comparability

Broadband Business

The Fixed Broadband business is the Company's main segment which offers internet connectivity to subscribers. The Broadband business contributed 99% of the Company's total revenues by offering connectivity subscriptions to enterprise, residential, wholesale and carrier customers. For the three months ending March 31, 2026, broadband revenues decreased from ₱109.4 million to ₱104.8 million.

Expenses in Broadband include sales and technical related costs, nodal related costs, taxes and permits incurred in saturating areas, and cost of sales and leased channel expense incurred to provide bandwidth across its subscribers. Profitability of Broadband business is steady at ₱31.6 million while, Core EBITDA margin slightly rise from 20% to 31%.

Information Technology Services

Since its launch in 2019, the IT Services business has contributed revenues to the Company by offering software, hardware, systems and managed services to enterprise and public sector customers. Unlike the Broadband business which is subscription-based, the IT services products are mostly project-based, which aims to create an end-to-end portfolio of IT solutions.

Expenses in IT Services business include sales and technical related costs and cost of sales incurred to be able to offer a wide variety of IT solutions.

Starting March 31, 2025, IT Services business unit was transferred to SecureLink as part of management-led spin-off.

Other Initiatives

Other business initiatives of the Company include other income and expenses not directly related to Broadband and IT Services. Other income includes space rental income while expenses are mainly attributed to non-core charges related to its rehab exit such as recognition of the legal interest rate of 6% p.a. on unsettled obligations as directed by the Rehabilitation Court.

Financial Performance and Condition

<i>Results of Operations (in '000 Philippine pesos)</i>	3 months ended March 31, 2026	3 months ended March 31, 2025
REVENUES	104,808	141,514
OTHER INCOME	1,046	541
	105,854	142,055
Core expenses		
Selling, general and administrative expenses	61,976	83,298
Leased channel and interconnect cost	9,545	3,453
Cost of sales	1,627	37,207
CORE EXPENSES	73,148	123,957
CORE EBITDA	32,706	18,097
CORE EBITDA %	31%	12.74%
Depreciation and amortization	10,586	10,818
Interest expense	517	725
CORE EARNINGS	21,603	6,554
Non-core charges		
Non-core expenses (net of non-core income)	4	-
Rehabilitation-related interest	3,147	1,908
NON-CORE CHARGES	3,151	1,908
TOTAL EARNINGS (LOSSES)	18,452	4,646
Income tax expense/benefit		-
NET INCOME (LOSS)	18,452	4,646

Revenue

The Company, for the three months ending March 31, 2026, the Company reported total revenues and income of ₱105.8 million, representing a 26% decrease compared to the previous year's revenue of ₱142 million. Activities for the

broadband group included street level saturations on major nodes, optimization of existing infrastructure in commercial buildings and establishments and account management of existing subscribers.

Monthly recurring revenue (MRR) per data service circuit- another key performance indicator-remained steady at approximately ₱22,708 per circuit, despite dilution caused by a significant increase in the number of data circuits.

Cost and expenses

The Company's personnel-related expenses for the quarter ending March 31, 2026, amounted to ₱45.6 million, compared to prior year's level of ₱59 million, as the Company realigns its workforce to sustain growth in connectivity.

Premise-related expenses were ₱5.8 million, consistent with the comparative period. Selling, general and administrative expenses decreased from ₱83.2 million to ₱61.9 million, while the cost of sales saw a significant decrease from ₱37.2 million to ₱1.6 million. The decrease in expenses was due to the transfer of ITS revenue and expenses to Securelink.

Profitability Performance

Decrease in expenses resulted in a core EBITDA of ₱32.7 million in 2026 and ₱18.0 million in 2025, pulling up the Core EBITDA margin to 31%. Depreciation and amortization decreased to ₱10.5 million from ₱10.8 million in the previous year.

The Company's net income for the period ending March 31, 2026, was ₱18.4 million, marking an improvement over the net income of the previous year due to lower expenses.

Financial Condition (in '000 Philippine pesos)	March 31, 2026	March 31, 2025
Current Assets	601,751	499,136
Non-current Assets	792,454	753,229
TOTAL ASSETS	1,394,205	1,252,366
Current Liabilities	1,070,763	1,047,098
Non-current Liabilities	155,211	138,227
Total Liabilities	1,225,973	1,185,325
Equity	168,232	67,041
TOTAL LIABILITIES AND EQUITY	1,394,205	1,252,366

The Company's total assets amounted to ₱1.394 billion as of March 31, 2026. Cash is at ₱7.7 million, increased by ₱11.6 million or 60% as compared to March 31, 2025. Accounts receivable of ₱143.8 as of March 31, 2026, decreased by ₱33.5 million or 19% as compared to March 31, 2025.

Trade and other payables decreased by ₱7 million or 2% as of March 31, 2026. A major portion of this account is attributable to trade transactions with suppliers which resulted in total trade payables of ₱60.7 million as of quarter end. Finally, the other payables are generally due to related parties which represent non-interest bearing, unsecured and short-term Philippine currency denominated financing and advances to support the Company's working capital requirements as part of the approved rehabilitation plan of the Company.

Total deficit is at ₱11.6 billion, and the total equity is at ₱168 million.

The current ratio as of March 31, 2026, is 0.56:1 as compared to March 31, 2025, of 0.48:1.

Plan of Operation

PT&T believes that information and communication technologies are the backbone of innovation. But no innovation can occur without the high-speed broadband network. The future of countries, businesses and individuals will depend more than ever on whether they embrace technology and many of those who stand to gain the most are not yet connected.

The Company holds an optimistic view on the Philippines' broadband industry through our efforts to improve coverage and spur subscriber growth. PT&T aims to expand coverage and upgrade its network infrastructure which will help to cope with the growing demand and ensure that network congestion would be minimized.

The Philippines has made huge investments in the national broadband network and ramping up network modernization investments in order to take advantage of the huge data opportunities in a fast-growing nation. The Company continues to believe that the market can accommodate more players, which would be beneficial to innovations and long-term growth. The local economy's remarkable momentum will continue to be fueled by strong sequential gains in investment activity and private consumption.

Innovation is increasingly based on digital technologies and business models, which can drive economic and social gains from ICT if channeled in a smart way. The way businesses adopt ICT is key for leveraging them for development, so encouraging businesses to fully embrace the powers of digital technologies is a priority of PT&T. The Company aims to step up efforts to invest in innovative digital solutions to drive economic growth and social impact. This will include building capabilities in cyber security, Internet of Things, and smart cities.

PT&T also aims to help shape the high-speed internet connection as a true and open platform and as a driver of economic development and social progress.

In order to achieve these objectives, the Company has several projects lined up which will expand PT&T's capability to provide telecommunications services throughout the country.

PT&T is currently serving Metro Manila and the nearby CALABARZON. In order to increase its subscribers' base, PT&T is in the process of completing its plan to expand its existing telecommunications network. The network expansion will initially focus on key cities in the National Capital Region, CALABARZON, and parts of Northern Luzon. Once fully implemented, the expanded network will be capable of servicing at least 40% of the Philippine population.

The network expansion will include the deployment of massive fiber optic infrastructure to support all network services and capacities. It will also provide a Full IP Network based on the latest Service Oriented Network Architecture and Self-Service Oriented Network Architecture.

PT&T also entered into a service agreement with entities designated to implement the government's project to provide Public WiFi Services in several provinces. Under these agreements, PT&T will provide the required infrastructure allowing it to commercialize the excess capacities out of the said infrastructure. This arrangement will enable PT&T to establish 9,000 points of presence throughout the Philippines and the commercial WiFi services will then be offered as an "add-on" to PT&T's product portfolio to serve residential and enterprise clients.

The Company plans on building its nationwide backbone to support its objective to provide a nationwide wholesale and retail service including the capability to provide mobile services in the future. This project involves the deployment of in-land (terrestrial) and off-shore (submarine) networks connecting all major islands throughout the Philippine archipelago. Full IP Network based on the latest Software Defined Network will be used.

Lastly, despite the rapidly evolving technology, PT&T is still keen on its interests to provide mobile services in the Philippines since the smartphone penetration continues to grow and the advent of 5G technology provides an ability for PT&T to enhance various applications.

PT&T is likewise exploring and studying the latest network concepts in implementing "virtualization" of network components into data centers. This will expectedly reduce the numbers of network elements deployed throughout the country and will substantially reduce costs and implementation period.

As of March 31, 2026, the Company has a total of 168 employees and the Company estimated that the said number will be at 202 by the end of 2026. As the Company commences the expansion of its operations, it expects to further increase its manpower complement.

Key Financial Performance Indicator

<i>Key Performance Indicators</i>	Three months ended March 31, 2026	Three months ended March 31, 2025
Net income (loss) (in 'P' '000)	18,452	4,646
Core EBITDA ¹ (in 'P' '000)	32,706	18,097
Core EBITDA %	31%	12.74%
Operating Revenue Growth	-26%	2.6%
Operating Revenue (in 'P' '000)	104,808	141,514
Number of Active Circuits	1,637	1,743
ARPU (in P)	23,491	21,306
Recurring Revenue (in P)	100,997	109,481

¹Non-core items include fees for the rehab-related initiatives.

Net income

Net income is a key performance metric that indicates how well the Company performed after all costs of the business have been considered.

The Company reported a net income of ₱18.4 million for the 1st quarter of 2026 compared to a net income of ₱4.6 million last year. Tempered growth in expenses and faster growth in revenues positively impacted the Company's net earnings.

Core EBITDA and Core EBITDA Margin

Core EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is calculated as operating revenues and income less operating expenses attributable to the core business of the Company. Non-core expenditures pertain to those that are not related to the core business of the Company but are connected to improve PT&T's financial condition (e.g., rehab-related expenses, SEC fees for increase in capital stock for rehab exit, etc.). This metric provides an indication how well the core business of the Company is performing before considering those initiatives being subsidized by operations. Core EBITDA has been adjusted for prior years to reflect changes in accounting standards to improve comparability.

Core EBITDA performance increased from 18 million to ₱32.7 million, leading to a corresponding increase in Core EBITDA margin from 12.7% to 31%.

Operating Revenue Growth

Revenue growth provides an indication on how well the Company generates revenue to support its operations and initiatives versus the comparative period.

The Company achieved negative revenue growth for the 1st quarter of 2026. This is due to the transfer of IT Services to Securelink. Nevertheless, there is a prevailing expectation for improvement in this regard, driven by the imperative necessity to bridge the technological gap through enhanced connectivity and advanced IT solutions.

Number of billable/active circuits

Number of billable/active circuits pertain to the number of subscription lines or customers in the PT&T network.

The number of subscribers decreased slightly by 6% due to the implementation of stricter automatic disconnection due to non-payment. Enterprise subscribers comprise 100% of subscribers and are the main source of fixed broadband revenue.

Average revenue per unit (ARPU)

Average revenue per unit measures the recurring revenue generated for each circuit connected to the PT&T network. This is computed by dividing the recurring revenue for the period by the average number of active circuits and then dividing the resulting amount by the number of months in the period.

In the 1st quarter of 2026, the Company's ARPU grew indicating an increase in the value of newly acquired subscribers the Company saturates its wholesale subscribers.

Other Events

A.) Any known trends, demands, commitments, events, or uncertainties that will have a material impact on the issuer's liquidity.

The Management has no knowledge of any known trends, demands, commitments, events, or uncertainties that will have a material impact on the company's liquidity except as those disclosed in Tax Liabilities and Financial Position and other sections of this report and in SEC Form 17-A previously submitted.

B.) Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures

Other than the Clarification of News Reports submitted to PSE under Disclosure Form 4-13 and SEC Form 17-C dated October 12, 2017 wherein the company clarified its intention of regaining its status as a major telecommunications company, expanding its existing business across the country, and looking for strategic partnerships, the Management has no further knowledge of any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of the funds for such expenditures.

C.) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

Other than the explanation under item (B) above, the Management has no further knowledge of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations, and except also as those further disclosed in Results of Operations section of this report and in SEC Form 17-A previously submitted.

D.) Any significant elements of income or loss that did not arise from the issuer's continuing operations.

The Management has no knowledge of any significant elements of income or loss that did not arise from the Company's continuing operations.

E.) Any seasonal aspects that had a material effect on the financial condition or results of operations.

The Management has no knowledge of any seasonal aspect, events or uncertainties that will have a material impact on the Company's financial position or operation except as those disclosed in Financial Position and Results of Operations and other sections of this report and in SEC Form 17-A previously submitted.

F.) Whether or not the Company is having or anticipates having within the next 12 months any cash flow or liquidity problem.

Please refer to Item G.

G.) Whether or not the Company is in default or breach of any note, loan, lease, or other indebtedness of financing arrangement requiring it to make payments.

Please refer to Part II – Other Information.

H.) Whether or not a significant amount of the Company's trade payables has not been paid within the stated trade terms

Please refer to Item G.

Impact of COVID-19 to the company's operations

As disclosed to the SEC and PSE last March 13, 2023, PT&T is business as usual despite the community quarantine brought upon by COVID-19. The company ensures continuous and uninterrupted delivery of services to existing and potential clients, despite the circumstances. PT&T has taken additional measures to ensure that all stakeholders –clients, employees, and partners alike– are not exposed to unnecessary or additional risk.

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The impact of COVID-19 on future performance and therefore on the measurement of some assets and liabilities or on liquidity might be significant and might therefore require disclosure in the financial statements, but management has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

PART II - OTHER INFORMATION

In accordance with the Rehab Order dated April 1, 2011, PT&T is undertaking the rehabilitation certain details of which are discussed below:

A. Conversion to equity of all debts/liabilities not categorized as statutory obligations and DIP financing [item of Order]:

- (i.) In accordance with the approved Rehabilitation Plan, the liabilities of the Company that are to be settled by way of its conversion to Serial Redeemable Preferred Shares has been lodged as part of non-current liability representing "deposit for subscription". The Company will be implementing the debt-to-equity conversion mandated under the Rehabilitation Plan in several tranches and only after securing the Deeds of Assignment from the creditors. In instances where the amount of liabilities that were recognized in the rehabilitation proceedings are being challenged, the creditor-shareholders may be entertained by the Company for proper reconciliation of the numbers.
- (ii.) Pursuant to the approved Rehabilitation Plan, statutory obligations may be settled out of the proceeds of the sale of the Company's assets. For this purpose, the Rehabilitation Court issued an Order allowing the Company to sell its assets and use the proceeds of the sale to settle the Company's statutory obligations.

B. Disclosures and Clarifications submitted to PSE and SEC during the quarterly period covered by this Report.

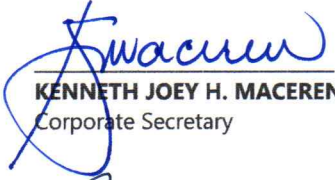
In addition to previous disclosures and clarifications made to the PSE and SEC in the 3rd quarterly report ending September 31, 2024, the Company submitted the following applicable disclosures and clarifications using the required disclosures forms during the 1st quarter covered by this report:

- (i) *Disclosure under SEC Form 17-C and PSE Disclosure Form 4-8 – Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion) submitted on February 12, 2026.*
- (ii) *Disclosure under SEC Form 17-C and PSE Disclosure Form 4-30 – Material Information/Transactions submitted on March 19, 2026*

SIGNATURES

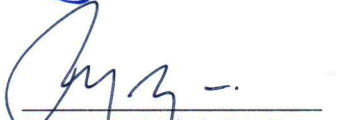
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By: **PT&T CORP.**
Issuer



KENNETH JOEY H. MACEREN
Corporate Secretary

13 May 2026



RAY ANTHONY C. CHAN
AVP- Finance, Logistic & Admin

13 May 2026

PT&T CORP.
INDEX TO FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
FOR THE QUARTER ENDED MARCH 31, 2026

Supplementary Schedules:

Schedule I - Reconciliation of Retained Earnings Available for Declaration*

Schedule II - Schedule Showing Financial Soundness

Schedule III - A Map Showing the Relationship Between and Among the Company and its Ultimate Parent Company,
Middle Parent and its co-Subsidiaries

Schedule IV - Supplementary Schedules Required under Annex 68-E

Schedule A: Financial Assets*

Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other
than Related Parties) *

Schedule C: Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial
Statements*

Schedule D: Long-term debt

Schedule E: Indebtedness to Related Parties (Long-Term Loans from Related Companies) *

Schedule F: Guarantees of Securities of Other Issuers*

Schedule G: Capital Stock

*These schedules, which are required by Revised SRC Rule 68, have been omitted because they are either not required, not applicable or the information required to be presented is included/shown in the related financial statements or in the notes thereto.

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

As of March 31, 2026

PT&T CORP.

Spirit of Communications Center, 106 C. Palanca Street, Legaspi Village, Makati City

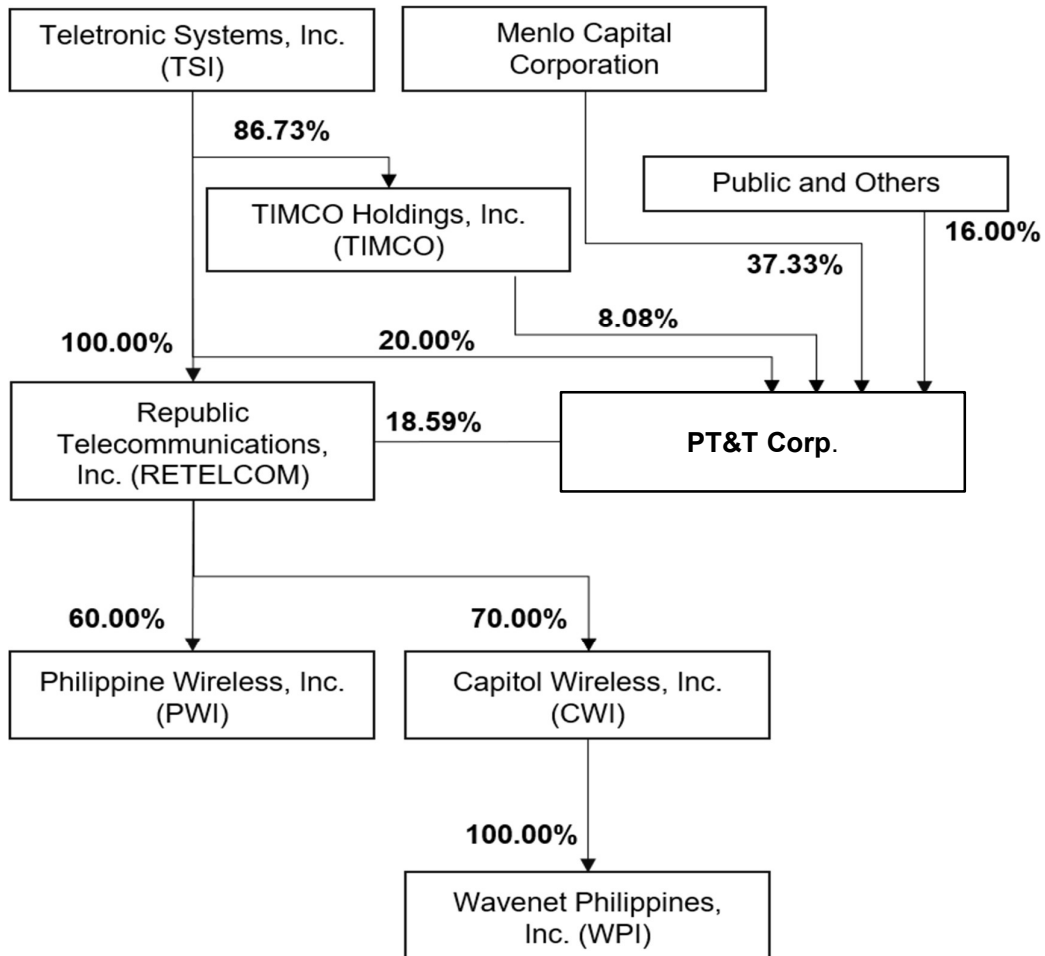
	<u>Amount</u>
Deficit, beginning of reporting period	(₱11,592,207,435)
Add: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Retained earnings, as adjusted to available for dividend distribution at beginning of year	(₱11,592,207,435)
Net income closed to retained earnings during the year	18,451,936
Movement in deferred tax assets during the year	-
Cash dividends declared	-
Total retained earnings available for dividend declaration at end of year	(₱11,573,755,999)

SCHEDULE II
PT&T CORP.
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO REVISED SRC RULE 68

Ratio	Formula	As at	
		2026	2025
Liquidity Ratio:			
Current ratio	Total Current Assets divided by Total Current Liabilities	0.56:1	0.48:1
	Total Current Assets 601,751,408		
	Divide by: Total Current Liabilities <u>1,070,762,628</u>		
	Current ratio 0.56		
Quick ratio	Quick Assets (<i>Cash add Receivables – net</i>) divided by Total Current Liabilities	0.14:1	0.19:1
	Quick Assets 151,442,036		
	Divide by: Total Current Liabilities <u>1,070,762,628</u>		
	Quick ratio 0.14		
Solvency Ratio:			
Debt ratio / Debt-to-asset ratio	Total Liabilities divided by Total Assets	0.88:1	0.94:1
	Total Liabilities 1,225,973,529		
	Divide by: Total Assets <u>1,394,205,434</u>		
	Debt-to-asset ratio 0.88		
Debt-to-equity ratio	Total Liabilities divided by Total Equity	7.29:1	16.54:1
	Total Liabilities 1,225,973,529		
	Divide by: Total Equity <u>168,231,905</u>		
	Debt-to-equity ratio 7.29		
Asset-to-equity ratio	Total assets divided by Total Equity	8.29:1	17.54:1
	Total Assets 1,394,205,434		
	Divide by: Total Equity <u>168,231,905</u>		
	Asset-to-equity ratio 8.29		
Interest Rate Coverage Ratio:	Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Interest Expenses	8.92:1	8.53:1
	EBITDA 32,702,647		
	Divide by: Interest Expenses <u>3,664,421</u>		
	Interest rate coverage ratio 8.92		

Ratio	Formula	As at	
		2026	2025
Profitability Ratios:			
Return on assets	<p>Net Loss divided by Average Total Assets (<i>Total Assets as of March 31, 2026 add Total Assets as of March 31, 2025 divided by two</i>)</p> <p>Net Income 18,451,936 Divide by: Average Total Assets <u>1,323,285,514</u> Return on assets 1.39%</p>	1.39%	0.39%
Return on equity	<p>Net Loss divided by Average Total Equity (<i>Total Equity as of March 31, 2026 add Total Equity as of March 31, 2025 divided by two</i>)</p> <p>Net Income 18,451,936 Divide by: Avg. Total Capital Deficiency <u>119,813,310</u> Return on equity 15.40 %</p>	15.40%	8.45%
Gross profit margin	<p>Gross Profit (<i>Revenues less Cost of Sales</i>) divided by Revenues</p> <p>Gross Profit 32,702,647 Divide by: Revenues <u>104,808,258</u> Gross profit margin 31.2%</p>	31.2%	90.09%
Activity Ratio:			
Asset turnover	<p>Revenues divided by Average Total Equity (<i>Total Equity as of March 31, 2026 add Total Capital Deficiency as of March 31, 2025 divided by two</i>)</p> <p>Revenues 104,808,258 Divide by: Avg. Total Capital Deficiency <u>119,813,310</u> Asset turnover 0.87</p>	0.87:1	0.02:1

SCHEDULE III
PT&T CORP.
A MAP SHOWING THE RELATIONSHIP
BETWEEN AND AMONG
THE COMPANY AND ITS ULTIMATE PARENT COMPANY,
MIDDLE PARENT AND ITS CO-SUBSIDIARIES
PURSUANT TO REVISED SRC RULE 68
As at March 31, 2026



SCHEDULE IV
PT&T CORP.
SCHEDULE A
FINANCIAL ASSETS
MARCH 31, 2026

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
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NOT APPLICABLE

**PT&T CORP.
SCHEDULE B
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL
STOCKHOLDERS (OTHER THAN RELATED PARTIES)
MARCH 31, 2026**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
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NOT APPLICABLE

PT&T CORP.
SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
MARCH 31, 2026

NOT APPLICABLE

**PT&T CORP.
SCHEDULE D
LONG-TERM DEBT
MARCH 31, 2026**

Name of issuer and type of obligation	Total Outstanding Balance	Amount shown under caption "Current portion of long-term debt"	Amount shown caption "Long-term Debt"
<i>Car Loans:</i> Philippine Savings Bank	-	-	-

PT&T CORP.
SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES (LONG - TERM LOANS FROM RELATED COMPANIES)
MARCH 31, 2026

Name of the Related Party	Balance at beginning of period	Balance at end of period
None	-	-

PT&T CORP.
SCHEDULE F
GUARANTEES OF SECURITIES OF OTHER ISSUERS
MARCH 31, 2026

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

**PT&T CORP.
SCHEDULE G
CAPITAL STOCK
MARCH 31, 2026**

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	1,500,000,000	1,500,000,000	–	1,260,000,239	9,023	239,990,738
Serial Redeemable Preferred Shares	230,000,000	71,636,358			71,636,358	
Series (A,B,C) Redeemable Preferred Shares	8,800,000,000	8,709,572,093	–	2,225,427,809	-	6,484,144,284